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Annual report on evaluation

Report of the Director, Evaluation Office

Summary

In accordance with the revised evaluation policy of UNFPA (DP/FPA/2013/5) and relevant Executive Board decisions, the independent Evaluation Office submits its annual report for 2014. The report presents progress made by the evaluation function, specifically in relation to the transitional biennial budgeted evaluation plan 2014-2015 against key performance indicators. It highlights progress in strengthening internal evaluation capacity, and outlines UNFPA engagement to contribute to strengthening national evaluation capacities.

The report presents the lessons learned from corporate evaluations finalized in 2014. It also sets out how the Evaluation Office contributes to joint evaluation efforts within the United Nations and global communities of practice. The report highlights the main challenges and prospects for evaluation at UNFPA and presents a number of recommendations.

Elements of a decision

The Executive Board may wish to:

(a) *Take note* of the present report on the evaluation function at UNFPA (DP/FPA/2015/6) and of the Evaluation Office workplan for 2015 (annex I), including amendments to the transitional biennial budgeted evaluation plan, 2014-2015;

(b) *Reaffirm* the central role played by the evaluation function in UNFPA, the relevance of the principles set out in the revised evaluation policy (DP/FPA/2013/5) and the importance of their implementation within the organization;

(c) *Take note* of the challenges in the field of evaluation and of the related recommendations presented in the report, and *encourage* UNFPA to take action for further strengthening the evaluation function at UNFPA

(d) *Request* UNFPA to report in 2016 on progress in addressing key issues and challenges in evaluation in the annual report on evaluation to the Executive Board.

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* Annexes are available on the UNFPA Executive Board website.

I Introduction

1. This report provides an assessment of the performance of the evaluation function against the transitional budgeted biennial evaluation plan 2014-2015. It highlights progress and challenges in the evolution of the evaluation function since the revised evaluation policy (DP/FPA/2013/5) was adopted in June 2013. The report provides detailed information on: performance against key indicators; outlines steps taken to strengthen evaluation capacity; and sets out how UNFPA engages within the United Nations and global evaluation community. The report presents lessons learned from three corporate evaluations completed in 2014 and provides an update on progress against the 2014-2015 evaluation plan, including adjustments made to reflect changing national contexts (programme-level evaluations) and to meet organizational requirements (corporate evaluations).

2. The continued strengthening of the evaluation function at UNFPA was a priority in 2014, and the newly established independent Evaluation Office has worked together with regional and country offices to translate the revised evaluation policy into practice. Significant effort has been made to improve evaluation planning and management, increase the quality of evaluations, and enhance the capacity of monitoring and evaluation staff. At the same time, the Evaluation Office has increased its production of corporate evaluations and studies. This progress by UNFPA towards a more mature and effective evaluation function has been acknowledged in two recent independent reviews conducted by the Multilateral Organization Performance Assessment Network[1] and the Joint Inspection Unit.[2]

II. Performance of the evaluation function

3. The UNFPA evaluation function is assessed against six key dimensions of performance: (a) planning and management; (b) quality; (c) dissemination of results; (d) use and follow-up; (e) human resources; and (f) financial resources. These are aligned with the revised evaluation policy and provide evidence of progress in those areas critical for the production of timely, good-quality evaluations, which can be used with confidence to meet needs for accountability, evidence-based decision-making and lesson learning. Wherever possible, previous data is presented to facilitate analysis of trends. Where this is not possible, 2014 data will represent a baseline for future reporting.

A. Transitional biennial budgeted evaluation plan 2014-2015: planning and management of corporate and programme-level evaluations

Corporate evaluations

4. In 2014, the Evaluation Office completed an independent evaluation of the Lebanon country programme, 2010-2014; an independent evaluation of the Turkey country programme, 2011-2015; and a joint evaluation of joint gender programmes on gender equality in the United Nations system.

5. The Evaluation Office launched, in 2014, three thematic evaluations to assess UNFPA support to (a) family planning (2008-2013); (b) adolescent and youth (2008-2014); and (c) population and housing census data to inform decision-making and policy formulation (2005-

[1] Multilateral Organisation Performance Assessment Network (MOPAN), *United Nations Population Fund*, Synthesis report, 2014.

[2] Joint Inspection Unit, *Analysis of the evaluation function in the United System* (JIU/REP/2014/6).

2014). A synthesis study of lessons learned from country programme evaluations during the period 2010-2013 was also commissioned.[3]

6. The evaluation of UNFPA support to family planning will assess how the framework set out in the UNFPA Strategic Plan, 2008-2013, the reproductive rights and sexual and reproductive health framework (2008-2011), the Global Programme to Enhance Reproductive Health Commodity Security (Phase I: 2007-2012) and the HIV/Unintended Pregnancies framework (2011-2015), has guided the programming and implementation of UNFPA interventions in family planning. This evaluation places particular emphasis on learning, with a view to informing the implementation of the UNFPA family planning strategy *Choices not Chance* 2012-2020, and other related interventions and programmes, including the Global Programme to Enhance Reproductive Health Commodity Security (Phase II: 2013-2020).

7. The evaluation of UNFPA support to adolescents and youth will assess how the frameworks set out in recent UNFPA strategic plans (2008-2013; 2014-2017), the UNFPA Framework for Action on Adolescents and Youth (2007) and the UNFPA Strategy on Adolescents and Youth (2012) have guided the programming and implementation of UNFPA interventions regarding adolescents and youth. The evaluation is envisaged as a learning opportunity to contribute to the current UNFPA Strategy on Adolescents and Youth (2012-2020) and towards acceleration of the implementation of the Programme of Action of the International Conference on Population and Development.

8. The evaluation of UNFPA support to population and housing censuses data will assess the extent to which UNFPA has strengthened national capacity for the production, dissemination and use of high-quality disaggregated data, and for the integration of evidence-based analysis into decision-making and policy formulation. It will account to partner countries, donors and other key stakeholders on UNFPA support to the 2010 round of population and housing censuses. The evaluation will also inform the programming and implementation of interventions under the Strategic Plan, 2014-2017, including key strategic orientations, gaps and opportunities for UNFPA support to population and housing census, and the post-2015 development agenda on data for development.

9. In 2014, the Evaluation Office completed the inception phase for each evaluation; inception reports are published on the UNFPA website.[4] In 2015, the main data collection and analysis phase commenced; this includes: in-depth desk reviews, covering 19 UNFPA programme countries; country case studies based on field visits, covering 17 programme countries; two regional case studies;[5] stakeholder interviews; and a variety of surveys of a wider range of UNFPA country offices and external stakeholders.

10. All three evaluations will be finalized between December 2015 and April 2016, thereby completing the Evaluation Office reporting on outcomes of the Strategic Plan 2008-2013[6] and informing the midterm review of the Strategic Plan, 2014-2017.

11. The Evaluation Office has commissioned a synthesis study to capture lessons learned from country programme evaluations commissioned by UNFPA between 2010 and 2013. The synthesis report will be finalized in May 2015.[7]

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[3] See Annex I.

[4] http://www.unfpa.org/evaluation

[5] See Annex III.

[6] Thematic evaluation of UNFPA support to maternal health (2000-2011); joint evaluation of the UNFPA-UNICEF Joint Programme on Female Genital Mutilation/Cutting: Accelerating Change (2008-2012); and joint evaluation of joint programmes on gender equality in the United Nations system.

[7] See Annex I.

12. In the latter half of 2015, the Evaluation Office will commence the independent evaluation of the country programme for Bangladesh (2012-2016). This will complete the work of the Evaluation Office with regard to the planned cycle of six independent country programme evaluations, each covering a different UNFPA region, to support the development and rollout of methodology to strengthen the conduct of country programme evaluations: Bolivia (2012), Cameroon (2012), Madagascar (2013), Lebanon (2014) and Turkey (2014).

13. In 2015, the Evaluation Office will commence the preparatory phase for the midterm evaluation of the Global Programme to Enhance Reproductive Health Commodity Security (Phase II: 2013-2020); and the end-line evaluation of the H4+ partnership joint support to improve women's and children's health, covering 2011-2016.[8]

Programme-level evaluations

14. The transitional budgeted biennial evaluation plan 2014-2015 sets out commitments for the conduct of country programme evaluations commissioned and managed by UNFPA country offices, with guidance and support from regional offices and the Evaluation Office.

15. In 2014, 16 country programme evaluations were commissioned; eight of these have been completed and eight are at the draft final report stage.[9] The results from these evaluations have been used to inform the design of new country programmes, which will be presented to the Executive Board for approval in 2015. Four planned evaluations were postponed because the country programme had been extended (Brazil, Lao People's Democratic Republic, Somalia and Yemen). One planned evaluation in Maldives did not go ahead, in order for the country office to participate in an evaluation of the United Nations Development Assistance Framework. A programme-level evaluation of the Gender-based Violence Information Management System was managed by the UNFPA Humanitarian Branch in 2014; the Evaluation Office provided technical support as a member of the multi-agency Advisory Group.

16. It is anticipated that 20 country programme evaluations will be conducted in 2015, compared to 15 evaluations foreseen in the transitional budgeted biennial evaluation plan 2014-2015[10] (including those evaluations postponed from 2014). In addition, a regional evaluation of UNFPA support to family planning will be conducted in Eastern Europe and Central Asia.

17. The revised evaluation policy envisages country programme evaluations conducted at least once in two programme cycles, rather than the previous practice of once in every programme cycle.[11] It is expected that this will lead to reduced geographical coverage over time. In 2014, over 90 per cent of country offices starting a new programming cycle in 2015 conducted an evaluation of their previous country programme.[12] It will be important to monitor the impact of the new approach, including reflection on evolving evaluation needs related to changing modalities at country level, including "Delivering as one", joint programming and increasing humanitarian operations. Also, it will be important to respond appropriately to the growing demand from donors for evaluation of non-core funding to UNFPA at country, regional and global levels.

18. In principle, these changes should lead to a diversified range of evaluations conducted at country and regional levels and by other business units;, this, in turn, will increase the supply of evaluative evidence to better inform decision-making, strengthen accountability and transparency, and contribute to organizational accountability and learning. There is evidence that some country

[8] For further details on these evaluations, see Annex I.

[9] Annex II provides a detailed overview of the progress in implementing country programme evaluations planned for 2014-2015.

[10] DP/FPA/2014/2.

[11] DP/FPA/2013/5, paragraph 13(a).

[12] See Annexes II and III.

offices are planning and budgeting for diverse types of evaluations, as reflected in recent costed evaluation plans presented to the Executive Board. However, at present, there is a lack of clarity regarding programme evaluation, as existing guidance is patchy and outdated. Comprehensive guidance is required to inform evaluation planning, management, resourcing and use. The development of the new budgeted evaluation plan provides an opportunity to clarify expectations.

B. Quality of evaluation reports

19. In 2014, UNFPA introduced additional measures, focused on the key preparatory phase of the evaluation process, to improve the quality of country programme evaluations.

20. The Evaluation Office is now responsible for the approval of the terms of reference of all country programme evaluations, and for the pre-qualification of evaluators selected by commissioning offices. Regional monitoring and evaluation advisers perform quality assurance of the terms of reference prepared by country offices before submitting them to the Evaluation Office for final approval. In 2014, the Evaluation Office approved the terms of reference of 17 programme-level evaluations and pre-qualified the evaluation teams of 12 programme-level evaluations.[13]

21. It is important to note that quality assurance for both draft final and final evaluation reports for all programme-level evaluations is undertaken by the evaluation managers in commissioning offices. In the case of country programme evaluations, quality assurance is performed with the support of regional office monitoring and evaluation advisers.

22. The Evaluation Office performs an *ex post* assessment of the quality of final programme evaluation reports, to indicate the degree of confidence that can be placed in the findings, conclusions and recommendations of the evaluation and to monitor compliance against the norms and standards of the United Nations Evaluation Group (UNEG). In 2014, 16 final reports of programme-level evaluations conducted in 2010, 2012, 2013 and 2014 were submitted to the Evaluation Office for quality assessment.[14]

23. Table 1 provides a summary of quality assessment of country programme evaluation reports from 2010 to 2014, presented by year of evaluation. There has been a slow but steady improvement in quality. The proportion of reports assessed as "good" is increasing, with a corresponding decrease in the number of "poor" reports. It should be noted that no reports were assessed as "unsatisfactory" in 2013 and 2014.

[13] See Annex II.

[14] Out of these 16 evaluation reports, 15 were country programme evaluations. See Annex IV for a summary of the quality assessment of final country programme evaluation reports.

Table 1
Quality of country programme evaluation reports (2010-2014)

	Evaluation quality assessment rating								
Year	*Very Good*	*%*	*Good*	*%*	*Poor*	*%*	*Unsatisfactory*	*%*	***Total***
2010	0	0%	2	8%	16	70%	5	22%	**23**
2011	0	0%	3	12%	19	73%	4	16%	**26**
2012	0	0%	3	20%	10	67%	2	13%	**15**
2013	0	0%	5	45%	6	55%	0	0%	**11**
2014	0	0%	3	100%	0	0%	0	0%	**3**
Overall results	**0**	**0%**	**16**	**21%**	**51**	**65%**	**11**	**14%**	**78**
Quality trend	↔		↑↑		↓↓		↓↓		

Source: UNFPA Evaluation Office

24. It is still too early to conclude that the various measures UNFPA has put in place to strengthen capacity and to improve planning, resourcing and quality assurance of programme evaluations are leading to improved quality. However, the three country programme evaluations so far assessed for 2014 are all rated "good" and it should be noted that two of these (Tajikistan, Uzbekistan) were conducted following the introduction of quality assurance of terms of reference and pre-qualification of the evaluation team. A clearer picture will emerge once all 16 country programme evaluations conducted in 2014 have been assessed.

25. An important dimension of evaluation quality relates to how well UNFPA meets requirements in terms of gender-related UNEG norms and standards for evaluation. In 2014, the Evaluation Office reported that the UNFPA evaluation function met requirements regarding corporate and programme evaluations as measured by the United Nations system-wide action plan for implementation of the policy on gender equality and the empowerment of women. To further strengthen reporting, the Evaluation Office will integrate, in 2015, the United Nations System-wide Action Plan evaluation indicator reporting tools into existing quality assurance mechanisms.

26. In 2015, UNFPA will extend the evaluation quality assurance mechanism to all programme level evaluations. The Evaluation Office will put in place a systematic, independent quality assurance mechanism for corporate evaluations to strengthen current practice.

27. However, it is recognised that a number of systemic challenges persist. In particular, as is the case for most bilateral and multilateral commissioners of evaluations, UNFPA is faced with the issue of the limited availability and capacity of skilled evaluation specialists. This is particularly challenging in light of the highly specialized mandate of UNFPA, and points to a need to strengthen procurement practice for both programme and corporate evaluations.

C. Dissemination of evaluation results

28. Effective dissemination and communication of evaluation results is critical to ensure transparency and accountability to stakeholders and to promote effective learning and use. All UNFPA programme and corporate evaluations, together with their management response, are available in the UNFPA Evaluation Database.[15]

[15] http://web2.unfpa.org/public/about/oversight/evaluations/

29. In 2014, the Evaluation Office worked to improve communication mechanisms to better inform UNFPA staff, key partners and stakeholders on the results of corporate and programme evaluations as well as other evaluation activities at UNFPA. The Evaluation Office provides quarterly updates to the UNFPA Executive Committee, with a view to feeding evaluation results into corporate decision-making. Regular reports on evaluation results and learning are also provided at the request of the Audit Advisory Committee. The UNFPA evaluation website has been redesigned, and the first issue of *Impact,* a biannual newsletter on UNFPA evaluation was published in November 2014.[16]

30. In order to enhance the use of evaluation results, all corporate evaluations include a dissemination plan aimed at ensuring the timeliness and accessibility of evaluation products at all stages of the evaluation process.[17] Evaluation products are made available in different languages (English, French, Spanish and, for some evaluations, Arabic and Portuguese) to facilitate access by a wide range of key stakeholders and development partners.

31. In 2014, the Evaluation Office promoted pro-active dissemination of evaluation results through the organization of stakeholder workshops, webinars, conferences and informal briefings to the Executive Board. For the evaluation of the third country programme of cooperation between UNFPA and Lebanon, a web conference was conducted in November 2014 to discuss the results, conclusions and recommendations of the evaluation, as well as the management response. For the evaluation of the fifth country programme of cooperation between UNFPA and Turkey, a stakeholder workshop was held, at the draft final report stage, in Ankara in November 2014. The workshop was well attended by participants from the Turkish Government, implementing partners, and civil society organizations. Discussions validated the findings and conclusions of the evaluation and helped to refine recommendations for the final report.

32. The dissemination process for joint evaluations is closely co-ordinated with evaluation partners. Dissemination activities took place in 2014 for the joint evaluations of the UNFPA-UNICEF joint programme on female genital mutilation and for the joint gender programmes on gender equality in the United Nations system. The lead evaluation managers (UNFPA for female genital mutilation; UN-Women for joint gender programmes) presented the findings and the joint management responses at their respective Executive Board annual sessions. In both cases, joint informal sessions and webinars were also organized.

D. Evaluation use and follow-up

33. In June 2014, the Executive Board requested UNFPA to ensure that there is systematic use and follow-up to evaluations; specifically, management responses should address evaluation findings and recommendations in a timely manner, with a view to improving programme performance, effectiveness and efficiency.

34. The Programme Division at UNFPA is responsible for the promotion of evaluation use and follow-up of management responses to corporate and programme-level evaluations. In 2011, UNFPA established an online Management Response Tracking System to monitor progress in the implementation of management responses for country programme evaluations. This was extended to all UNFPA evaluations in 2014. The system provides information on the status of evaluation recommendations, follow-up actions, and roles/responsibilities for implementation of actions for accepted (or partially accepted) recommendations. In 2013, the system was linked to the UNFPA

[16] http://www.unfpa.org/admin-resource/newsletters

[17] Inception reports; country case study notes; final evaluation reports; executive summaries; and evaluation briefs.

Evaluation Database, ensuring that all evaluation reports are presented with their respective management response.

35. Data from the system is used to report on management response follow-up as part of reporting against the UNFPA Strategic Plan (2014-2017) "organizational effectiveness and efficiency" indicator, which assesses the "percentage of accepted programme evaluation recommendations for which the actions due in the year have been completed". In 2014, the implementation rate of accepted programme evaluation recommendations (including those pending from previous years) for which follow-up actions are due in the year was 76.49 per cent, which represents an improvement over 2013 (60.96 per cent).[18]

36. At present, UNFPA does not formally make use of detailed information on management response follow-up, unlike its arrangements for addressing follow-up to audit recommendations. It should also be noted that the Management Response Tracking System, based on self-reported data by business units, is not subject to external validation. As a result, it is difficult to ascertain the extent to which evaluation results are effectively utilized to support organizational decision-making.

37. Corporate evaluations represent a significant investment of resources at UNFPA; the Evaluation Office recognizes the importance of effective follow-up and use. The UNFPA-UNICEF joint evaluation on the joint programme on female genital mutilation provides an example of good practice in promoting effective evaluation use from the outset of the evaluation process. The evaluation offices at UNFPA and UNICEF carefully managed the involvement of key stakeholders in the evaluation process to ensure the effective uptake of the evaluation results and recommendations by decision makers. The senior management of UNFPA and UNICEF prepared a well-coordinated, timely and comprehensive joint management response. The evaluation results were taken into consideration on the design of the second phase of the joint programme and used to improve country-level planning.

E. Financial resources

38. In 2014, the budget allocated to the evaluation function was $3,689,713, representing an overall increase of 20 per cent from 2013. This is primarily related to an increase in the Evaluation Office costs with the establishment of the Director post.

39. The budget on evaluation, as a proportion of UNFPA expenditure, is 0.37 per cent, well below the budget norm of up to 3 per cent of the total programme budget for the evaluation function, as stated in the revised evaluation policy.[19] This indicates that it is not possible to report with precision the full budget and expenditure for UNFPA evaluation outside the Evaluation Office. Financial reporting systems do not capture evaluation expenditure, and there is a particular challenge in assessing staffing costs allocated to evaluation, since these are combined with other functions, such as monitoring.

40. In 2014, the total budget for the country programme evaluations commissioned in 2014 was $1.1 million. The median value was $63,000, representing an improvement of over $50,000 in 2012-2013; however, this still falls short of the recommended $70,000. Funding ranged from $30,000 (Panama) to $139,947 (Zimbabwe); as a proportion of country programme budgets, evaluation budgets ranged from 0.26 per cent (Burkina Faso and Cambodia) to 1.10 per cent (Swaziland).[20]

[18] See annex V for management response follow-up.
[19] DP/FPA/2013/5 (paragraph 32).
[20] See annex II, table B.

41. The Evaluation Office budget of $2,382,084 was entirely funded from the institutional budget. The utilization rate was 96.2 per cent. Only 32.6 per cent of the Evaluation Office budget was available for operational costs (including evaluations). This is not optimal; it will be important to avoid possible funding gaps in the face of rising demand, by diversifying sources of funding for corporate evaluations, in particular ensuring that non-core funded programmes allocate adequate resources to evaluation.

42. The Evaluation Office budget for 2015 is $2,595,131 — reflecting an increase for operational costs to 44.5 per cent. The budgets for the evaluations of the Global Programme to Enhance Reproductive Health Commodity Security and of the H4+ partnership are yet to be finalized, subject to detailed scoping;[21] they will be financed mainly from non-core resources.

43. Looking ahead, it is important for UNFPA to reflect on how to move towards the budget norm of 3 per cent set out in the revised evaluation policy. The new budgeted evaluation plan presents an opportunity to determine the level of evaluation coverage across the organization that is appropriate and necessary to better align with the UNFPA Strategic Plan and business model; and to specify funding modalities to meet growing demands on the evaluation function at all levels.

Table 2
Financial trends for evaluation in UNFPA (2013-2014)

		Budget allocation in millions of $	
		2013	*2014*
Evaluation Office	Staffing costs		1.60
	Operational costs (incl. evaluations)		0.78
	Total Evaluation Office	**1.80**	**2.38**
Decentralized [1]	Staffing costs	-	-
	Operational costs (incl. evaluations)	1.29	1.31
	Total decentralized	**1.29** [2]	**1.31** [3]
Total budget		3.09	3.69
Total UNFPA expenditure		913.2	995.6 [4]
Evaluation budget as share of UNFPA expenditure		**0.34%**	**0.37%**

(1) This figure includes budgets corresponding to country programme evaluations only. At this stage, it is not possible to capture the budgets for other evaluation activities and the cost associated with human resources dedicated to evaluation in decentralized units.
(2) In 2013, the figure corresponds to 27 evaluations (referred to the Evaluation Office for quality assurance, regardless of the year of evaluation).
(3) In 2014, the figure corresponds to the reported budgets for 17 programme-level evaluations commissioned in 2014.
(4) Provisional figure as of 26 March 2015
Source: UNFPA Evaluation Office, UNFPA Annual Report

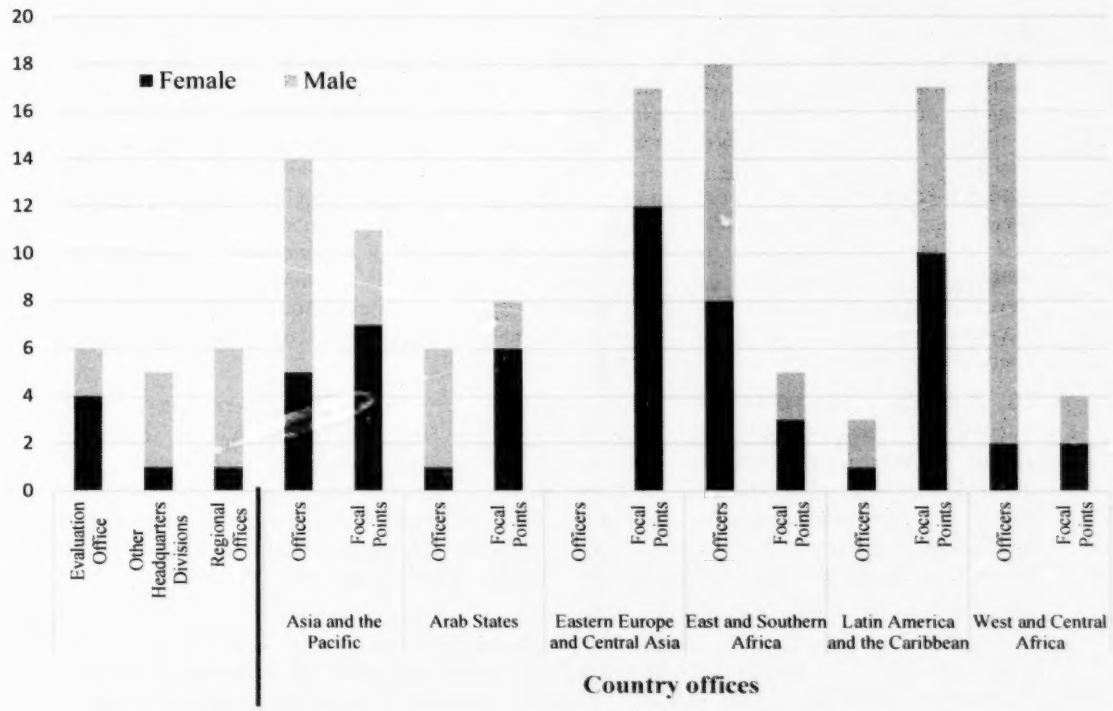
[21] For further details on these evaluations, see annex 1.

F. Human resources

44. Annex VI indicates some positive changes related to the human resources allocated to monitoring and evaluation at UNFPA. The staff ratio, in terms of percentage of professional monitoring and evaluation staff to overall staff, increased to 3 per cent in 2014.

45. There has been a significant increase (28.3 percent) in the number of monitoring and evaluation officers in country offices, with a corresponding decline in the number of focal points. This is a positive trend; almost half of UNFPA country offices are now staffed with a dedicated monitoring and evaluation officer. Figure 1 shows that there are considerable variations across regions.

Figure 1
Number of monitoring and evaluation staff at UNFPA in 2014



Source: UNFPA Evaluation Office

46. On the other hand, staffing levels in the Evaluation Office and regional offices have remained unchanged, despite the increasing workload stemming from the revised evaluation policy, and in particular the request by the Executive Board to strengthen the decentralized function. The Evaluation Office and regional offices are looking at options to strengthen capacity in the short term, through the use of junior professional officers and strategic secondments. UNFPA needs to ensure that staffing and structures at both central and decentralized levels are able to respond flexibly as the evaluation function evolves.

III. Strengthening evaluation capacity

47. In 2014, a range of activities were undertaken to contribute to strengthening the capacity and professionalization of the evaluation function. These complement and build upon the range of initiatives, including methodological guidance and training, which have been progressively introduced since 2012.

48. The Evaluation Office allocated regional focal points to improve coordination and harmonization of evaluation practice across UNFPA. Focal points provide backstopping and *ad hoc* advice to regional offices in their role supporting the needs of country offices. Quarterly meetings are held between the Evaluation Office and regional monitoring and evaluation advisers to assess progress against the transitional budgeted biennial evaluation plan 2014-2015 and identify areas for improvement. The Evaluation Office also played an active role in the recruitment and induction of regional monitoring and evaluation advisers in 2014.[22]

49. Three regional capacity development workshops, with a total of 89 participants, were provided in 2014. A four-day training was provided to 23 staff in the preparation, management, and quality assurance of country programme evaluations in Latin America and the Caribbean. A similar workshop was planned for the Arab States region, but has been postponed to 2015. The Arab States regional office organized a training workshop on results-based monitoring; it include a session facilitated by the Evaluation Office, which led to the establishment of an informal community of practice on evaluation to promote regular knowledge-sharing to support monitoring and evaluation staff of all country offices in the region. In East and Southern Africa, the regional office organized a week-long workshop on results monitoring and evaluation (with support from the Evaluation Office and the Programme Division). One outcome was the launch of a regional monitoring and evaluation network to provide real-time peer-to-peer support for programme evaluations. Other capacity development activities targeted at country offices included the participation of UNFPA monitoring and evaluation officers at the International Program for Development Evaluation Training in Canada, with support from Swiss Development Cooperation.

50. In June 2014, the Executive Board encouraged UNFPA to further strengthen capacity building and professionalization of the monitoring and evaluation functions in UNFPA.[23] Building on the progress made to date, the Evaluation Office has identified further mechanisms to be developed in 2015 including: an easily accessible roster of evaluators vetted by the Evaluation Office; a comprehensive resource platform on UNFPA intranet; development of comprehensive updated guidance to support the planning, management and use of UNFPA evaluations; and strengthened quality assurance mechanisms for both corporate and programme evaluations.

51. At the same time, there is a need to address challenges relating to human resource management and the professionalization of monitoring and evaluation staff. The engagement of the Evaluation Office in the UNEG working group on professionalization and consultation with the Division for Human Resources indicate a range of potential options and highlight the need to develop a comprehensive and adequately resourced capacity development strategy. The Evaluation Office is currently seeking two additional positions (a seconded professional from the Swedish Government, and a junior programme officer) to augment its own capacity over the next two years to advance efforts in this area.

52. UNFPA notes the importance of General Assembly resolution A/RES/67/226 which emphasizes the necessity to intensify efforts to assist programme countries to strengthen national evaluation capacities. Since 2010, the Eastern Europe and Central Asia regional office has been

[22] In 2014, the Evaluation Office participated in the selection of candidates, prepared written tests and took part in panel interviews for the recruitment of the monitoring and evaluation advisers in the regional offices of Latin America and Caribbean; Asia and the Pacific; and Western and Central Africa.

[23] Executive Board decision 2014/17.

particularly proactive in this area, sponsoring the participation of 34 senior officials from 16 countries in the private-public partnership programme developed with the International Program for Development Evaluation Training and Carleton University in Canada. These included participants from government ministries, departments and research institutions responsible for national policy or programme development, aid coordination, national planning, monitoring and evaluation, as well as European Union integration).

53. In 2015, the Evaluation Office and UNFPA regional offices are committed to increasing awareness, through active engagement in global and regional initiatives, of the potential role of UNFPA in strengthening national evaluation capacities related to its mandate area. In 2014, the Evaluation Office became a member of EvalPartners, which works to contribute to improved country-led evaluation systems and policies that are equity-focused and gender responsive.[24] Networking activities by regional offices included (a) contribution to the development of the Interagency Regional Evaluation Network for Arab States; (b) engagement by the Eastern Europe and Central Asia Regional Office with the European Evaluation Society to establish an institutional linkage; and (c) exploration by East and Southern Africa Regional Office of a regional initiative to support capacity building and knowledge management in evaluation. The 2015 Year of Evaluation presents opportunities for UNFPA to develop stronger links with evaluation communities of practice at country, regional and global levels.[25]

IV. Lessons learned from corporate evaluations in 2014

A. Joint Evaluation of joint programmes on gender equality in the United Nations System

54. The Evaluation Office jointly managed (with UN-Women, UNICEF, UNDP, the Millennium Development Goal Fund and the Governments of Spain and Norway) an evaluation of joint programmes on gender equality in the United Nations system. The evaluation aimed to provide credible and useful evaluative information on the added value and worth of joint gender programmes in the United Nations system. The evaluation provided lessons learned and recommendations to United Nations agencies, host governments and citizens, donors and the United Nations Development Group, to strengthen design and improve implementation of the next generation of joint gender programmes in five key areas: relevance; ownership; accountability; sustainable results; and coherence, synergies and efficiency.

55. The evaluation demonstrated the added value of joint gender programmes as a development cooperation modality in the United Nations system. Despite a steep learning curve, the assessed programmes supported governments in meeting their normative commitments, albeit to varying degrees. Joint gender programmes were found to be instrumental in bringing gender issues into national dialogues and prompting positive policy changes. However, they have not led to increased efficiencies, mainly due to systemic barriers, unclear management arrangements and weak design processes. For United Nations agencies, including UNFPA, the evaluation recommended that joint gender programmes should be based on strategic planning processes and linked to United Nations planning frameworks responding to national priorities, rather than driven by *ad hoc* funding opportunities. Joint programmes should be based on a rigorous design phase, ensuring that robust analysis underpins the theory of change and clarity of the role of all partners and stakeholders in design and implementation. The objectives of joint gender programmes should be realistic and built on a sound understanding of the capability of national operating architectures: grounding accountability within the national context. Finally, the evaluation suggested "Delivering as one"

[24] http://www.mymande.org/evalpartners

[25] http://mymande.org/evalyear/Declaring_2015_as_the_International_Year_of_Evaluation

environments provide a particularly conducive setting for joint gender programmes by building on existing cooperation modalities.

B. Evaluation of the third country programme of cooperation between UNFPA and Lebanon (2010-2014)

56. The evaluation of the third country programme of cooperation between UNFPA and Lebanon (2010-2014) found that the objectives of the programme were well adapted to the needs of the population, and that the country office had been able to respond quickly and flexibly to the Syrian crisis. UNFPA has contributed to an increased availability of reproductive health services, including in humanitarian settings, although there have been challenges that have led to limited results in terms of access to these services by the most vulnerable groups. In the field of population and development, UNFPA has re-focused its support on the strengthening of the national policy framework for ageing populations. UNFPA has been instrumental in documenting the situation of the elderly in Lebanon and in providing standards for an accreditation scheme for elderly institutions. In the field of gender, UNFPA was successful in advancing the technical capacity of national institutions and non-governmental organizations and in raising the awareness on gender-based violence.

57. The evaluation recommended that UNFPA continue to adjust its interventions based on the regular conduct of needs assessments, following a participatory approach. UNFPA should also enhance the level of policy dialogue in the areas covered by the country programme. In the field of reproductive health, UNFPA should define a long-term strategy for the introduction of reproductive health in the education system. In the area of population and development, UNFPA should engage in advocacy efforts to ensure that the financial implications of the accreditation scheme for institutions for the elderly are addressed. In the area of gender, UNFPA should build on its past work on gender-based violence to push the issue forward in the national agenda, to increase impact through the enactment and enforcement of policies and laws.

C. Evaluation of the fifth country programme of cooperation between UNFPA and Turkey (2011-2015)

58. The evaluation of the fifth country programme of cooperation between UNFPA and Turkey (2011-2015) found that the needs of the population had been well taken into account in the design of the country programme, although the prioritization of high-risk and the most vulnerable people was considered insufficient. In the field of reproductive health and rights, UNFPA contributed to an increased availability of reproductive health services, including for Syrian refugees. Positive results were noted particularly in the increased access of seasonal migrant workers to family planning and maternal health services. In the field of population and development, UNFPA contributed to the increased availability of demographic and socioeconomic data, particularly on emerging population issues, such as ageing and urbanization. In the field of gender, UNFPA has contributed to an improved response to gender-based violence, although insufficient emphasis was placed on improving protection services for women.

59. The evaluation recommended that the next UNFPA country programme be more focused on identifying, prioritizing and targeting the most vulnerable, marginalized and high-risk groups. In the field of reproductive health and rights, UNFPA should strengthen its relationship with the Ministry of Health and other partners for more effective reproductive health services, at central and provincial levels, particularly aiming at reducing national disparities and focusing more on youth and marginalized groups. In the field of population and development, UNFPA should continue to improve its advocacy role and its role in data availability and analysis on population and development issues, while focusing especially on the most vulnerable and disadvantaged groups. In

the field of gender, UNFPA should continue to work towards establishing an enabling environment for women and for combating gender-based violence by expanding its partnership base (including the private sector) and developing gender equality indicators at regional and local levels.

D. UNFPA humanitarian response to the Syrian crisis

60. The recent independent country programme evaluations of Lebanon and Turkey provide important insights into the UNFPA humanitarian response to the Syrian crisis. In both cases, the evaluations found that UNFPA had provided a quick and flexible response to the needs of Syrian refugees, particularly the provision of reproductive health services, along with prevention of and response to gender-based violence.

61. However, in the case of Lebanon, the evaluation found that the response was not always fully adapted to expressed needs, and recommended that more attention be paid to the needs of the most vulnerable groups. In the case of Turkey, the evaluation found that due to the continuous increase in refugee numbers and corresponding requirements for advocacy, technical assistance and information, the response to the humanitarian situation could overstretch staff and funding resources. The evaluation recommended that UNFPA develop new strategies, preferably jointly with other United Nations agencies, to raise additional resources.

62. Both evaluations shed light on the complexity of the crisis and highlighted the importance of effective information sharing and lesson learning across UNFPA country offices and within the broader humanitarian response. The Syria Coordinated Accountability and Lessons Learning initiative managed by the Inter-Agency Humanitarian Evaluation steering group addresses the need for improved information sharing among United Nations agencies.

V. Evaluation partnerships

A. Joint evaluations

63. The Evaluation Office is gradually developing experience in managing and engaging in joint evaluation studies. The existence of joint programmes generally offers the main opportunity for the conduct of joint evaluations. However, the Evaluation Office is actively seeking to identify other areas where joint work would be beneficial.

64. The joint evaluation of the UNFPA-UNICEF Joint Programme on Female Genital Mutilation was led by an evaluation management group bringing together the UNFPA and UNICEF Evaluation Offices to make best use of limited resources and to pool expertise. The collaboration extended beyond the cooperation of the two Evaluation Offices, with the joint programme coordination team actively supporting the evaluation. The regular consultations with the joint evaluation reference group, and with the national reference groups in the four countries selected as case studies, was an effective way to validate the evaluation results throughout the process, ensuring their credibility and enhancing the usefulness of the recommendations.

65. The joint evaluation of joint programmes on gender equality in the United Nations system was conducted in close cooperation with three United Nations agencies (UN-Women, UNICEF and UNDP), the Millennium Development Goal Acceleration Fund and two donor countries (the Governments of Spain and Norway). Led by the UN-Women Evaluation Office, the joint modality was an effective way to gather the necessary financial resources to initiate the evaluation of a cross-cutting theme relevant for all participating entities. It also reduced the burden on programme countries, which would have otherwise been created by the conduct of parallel evaluations.

66. In September 2014, the Evaluation Office joined the Inter-Agency Humanitarian Evaluation steering group, which is convened by the United Nations Office for the Coordination of Humanitarian Affairs. Priorities for 2014 included the inter-agency humanitarian evaluations of the typhoon Hayan response in the Philippines (completed); the humanitarian crisis in the Central African Republic (ongoing); the humanitarian crisis in South Sudan (ongoing); and the Syria Coordinated Accountability and Lessons Learning initiative (ongoing).

B. United Nations Evaluation Group

67. The Evaluation Office is an active member of the UNEG, and contributes to all four strategic objectives of the UNEG workplan for 2014-2015. In 2014, the Evaluation Office focused efforts in supporting work of the professionalization and peer review sub-groups under strategic objective 1: Evaluation functions and products of United Nations entities meet the UNEG norms and standards for evaluation. The Evaluation Office also contributed to the review of training materials for an e-learning course on evaluation of humanitarian action. The Office participated as a member of the reference group for the gender systemic review led by UN-Women, and continued its participation in the working group for the revision of the United Nations System-wide Action Plan Evaluation Performance Indicator Technical Note and Scorecard to improve reporting on gender equality in evaluation across the United Nations system.

68. The Evaluation Office is a member of the management group for the preparation of the 2015 UNEG annual general meeting and evaluation practitioners exchange in New York (March 2015).

69. The Director of the Evaluation Office has also provided advisory services upon request to UNDP, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization on various aspects of evaluation policy development.

C. Engagement with global communities of practice on evaluation

70. The Evaluation Office has been working to strengthen engagement in global communities of practice in evaluation, with a view to improving its own practice in critical areas.

71. The Evaluation Office has established contacts with key actors involved in humanitarian evaluations, including the Active Learning Network on Accountability and Performance in Humanitarian Action, with a view to informing future evaluation of UNFPA interventions in the field of humanitarian assistance.

72. On gender equality, the Evaluation Office participated in the reference group of a review of evaluation approaches and methods for interventions related to violence against women and girls. The Office led a seminar, "Integrating gender approaches in evaluation: the case of Bolivia Country Programme Evaluation", as part of the workshop on "Integrating gender and human rights approaches in evaluation" hosted by the Spanish Government (June 2014).

VI. Looking forward: challenges and prospects for evaluation at UNFPA

73. This report shows continuing progress by UNFPA in moving towards a more mature and effective evaluation function, as acknowledged in two recent independent reviews conducted by

the Multilateral Organization Performance Assessment Network[26] and the Joint Inspection Unit (JIU).[27]

74. However, both reports point to a number of challenges, which are also raised in this report, notably in the areas of planning and coverage of evaluations; quality of programme-level evaluations; financial and human resources dedicated to evaluation; and the monitoring of use of evaluations results.

75. As custodian of the evaluation function at UNFPA,[28] the Evaluation Office proposes a number of recommendations to address these challenges over the coming years and within the framework of the new budgeted evaluation plan, which will commence in 2016.

Yet none of these challenges will be addressed by quick fixes; the anticipated UNEG peer review in 2016 provides an excellent opportunity to have an external independent assessment of the progress of the evaluation function at UNFPA against the revised evaluation policy as well as good practices in the United Nations system.

[26] Multilateral Organisation Performance Assessment Network (MOPAN), *United Nations Population Fund*, Synthesis report, 2014 (JIU/REP/2014/6).

[27] The JIU report is particularly useful, as it compares UNFPA to the evaluation function of 24 other organizations of the United Nations system.

[28] DP/FPA/2013/5, paragraph 24.

Table 3

Challenges	Recommendations
Planning and coverage of evaluations	
(a) The revised evaluation policy requests that each country programme be evaluated at least once every two programme cycles which, in turn, could lead to a reduce in coverage and a decrease in the amount of evaluative evidence to inform decision-making.	UNFPA should clarify the range of evaluations to be conducted, at both central and decentralized levels, to ensure appropriate coverage to meet organizational accountability and learning needs. Comprehensive guidance is required to inform evaluation planning, management and use at all levels.
(b) The growth in programmes funded on non-core resources brings an increasing demand for programme evaluation. However, there is a lack of clarity on evaluation modalities for these programmes.	
Financial resources and budget allocation	
(a) In 2014, the evaluation share of UNFPA total expenditure is 0.34 per cent; this falls far short of the budget norm of up to 3 per cent of the total programme budget for the evaluation function as set out in the revised evaluation policy.	(a) Financial investment in evaluation should be commensurate with a level of coverage that is appropriate and with the necessary alignment with UNFPA Strategic Plan, 2014-2017 and business model.
(b) Budgets dedicated to decentralized evaluation, including for human resources, are ambiguous and mixed with other functions and interventions (notably, monitoring and planning).	(b) Evaluation expenditure should be monitored for the decentralized evaluation function. Evaluation should be coded as a discrete cost item and reported on a yearly basis.
(c) In a context in which non-core resources increasingly support UNFPA programmes, there is a need to ensure that funds dedicated to evaluation are both predictable and well-managed.	(c) Establish a clear normative framework to guide resource allocation so that programmes funded on non-core resources allocate funds to evaluation as appropriate (predictability). When the programme is subject to a corporate evaluation, the evaluation budget line should be directly managed by the Evaluation Office.
Human resources dedicated to evaluation	
(a) Although efforts have been made to strengthen evaluation capacity at country level, there are substantial difference across country offices, and significant variability in staff capacity.	UNFPA needs to ensure that staffing and structures at both central and decentralized levels are able to respond flexibly as the evaluation function evolves. This should be framed within a comprehensive capacity development strategy for monitoring and evaluation staff.
(b) There is a growing demand on the evaluation function at both central and decentralized levels. The revised evaluation policy has clarified roles and responsibilities across the organization. However, the human resources in regional offices and in the Evaluation Office have not increased proportionately to meet organizational needs.	
Management response tracking system	
(a) At present, UNFPA does not formally make use of detailed information on management response follow-up, unlike its arrangements for follow-up of audit recommendations. The Management Response Tracking System is based on self-reported data by business units and not subject to external validation. As a result, it is difficult to ascertain the extent to which evaluation results are effectively utilized to support organizational decision-making.	UNFPA should strengthen the system for evaluation follow-up with reference to good practices in other organizations.

United Nations DP/FPA/2015/7

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Report of the Director of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2014

Summary

The present report on the UNFPA internal audit and investigation activities of the Office of Audit and Investigation Services (OAIS) for the year ending 31 December 2014 responds to Executive Board decisions 2011/23 and 2013/24 and earlier pertinent Board decisions.

The report presents a review of activities completed in 2014 by OAIS on internal audit and investigation. The report contains information on (a) the overall audit assessment of the risk exposure of UNFPA; (b) significant issues revealed through OAIS internal audit and investigation activities; (c) investigations, including cases of fraud and actions taken; (d) the review of internal audit recommendations issued in 2010-2014 and their implementation status; and (e) the disclosure of internal audit reports. Annexes 1 to 7 are available separately on the UNFPA website.

Pursuant to Executive Board decision 2008/37, the annual report of the UNFPA Audit Advisory Committee (DP/FPA/2015/7/Add.1) is provided as an addendum to the present report. The management response thereto as well as to the present report is also contained in an addendum (DP/FPA/2015/7/Add.2). The management actions undertaken in follow-up to the 15 recommendations issued by the then Division for Oversight Services in its earlier report (DP/FPA/2011/5) are contained in annex 4, available separately on the UNFPA website.

Elements of a decision

The Executive Board may wish to:

Take note of the present report (DP/FPA/2015/7);

Express its continuing support for the strengthening of the audit and investigation functions at UNFPA, and for the provision of sufficient resources to discharge their mandate;

Acknowledge and support the engagement of the Office of Audit and Investigation Services in joint oversight activities;

Take note of the annual report of the Audit Advisory Committee (DP/FPA/2015/7/Add.1) and the management response (DP/FPA/2015/7/Add.2) thereto and to the present report.

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Annex 7: Updated summary of investigation reports issued in 2013

(N.B. Annexes 1 to 7 are available separately on the UNFPA website)

I. Introduction

1. The present report provides the Executive Board with a summary of the internal audit and investigation activities conducted by the Office of Audit and Investigation Services (OAIS) in 2014,[1] the first complete year in which OAIS operated with its internal audit and investigation mandate. It is also the second full year of public disclosure of internal audit reports.

II. Assurance at UNFPA

A. Mandate

2. Article XVII of the 2014 UNFPA financial regulations and rules, the revised oversight policy[2] and the accountability framework[3] approved by the Executive Board, formed the basis for the OAIS mandate. OAIS solely performs, manages or authorizes others to perform or manage (a) independent internal audit services (effectiveness of the governance, risk management and internal control processes, and economic and efficient use of resources); and (b) investigation services (allegations of wrongdoing). The OAIS Charter was approved by the UNFPA Executive Director on 17 July 2014.

3. The Audit Advisory Committee (AAC) and the United Nations Board of Auditors regularly monitored the quality of OAIS work. The AAC continued to offer advice to promote the effectiveness of audit and investigation services provided by OAIS; it reviewed the 2014 OAIS annual workplan, budget, regular progress reports, annual report and internal audit reports. The United Nations Board of Auditors monitored the actions to implement their recommendations aimed at improving OAIS operations. The external auditors continued to rely on OAIS work and reports in 2014.

4. As in past years, OAIS received support from UNFPA senior management throughout 2014. The OAIS Director attended, inter alia, the meetings of the UNFPA Executive Committee in ex officio capacity, which also provided the Director with a direct opportunity to give advice on governance, accountability or control aspects of new policies or procedures and to comment on any emerging potential risks to UNFPA.

5. In accordance with the professional standards by which OAIS is bound, the OAIS Director hereby confirms to the Executive Board that OAIS enjoyed organizational independence in 2014. OAIS has been free from interference in determining the scope of its work, performing it and communicating its results.

B. Basis for providing independent assurance

6. In 2014, OAIS worked on 22 internal audit engagements; 1 was in an advisory capacity and 2 were undertaken jointly with other organizations of the United Nations system. As in previous years, to maximize resource use, engagements were planned to reach different stages of completion (ranging from 'ongoing' to 'concluded and report issued') at the end of 2014.

[1] The name was changed to the Office of Audit and Investigation Services after the Executive Board approved, in decision 2014/19, the revised Financial Regulations and Rules.
[2] Executive Board decision 2015/2.
[3] DP/FPA/2007/20.

7. As of 31 December 2014, OAIS issued 10 internal audit reports, with all but one being publicly available. The list of all internal audit reports, with their rating, is included in annex 1; it is also available on the UNFPA website,[4] in accordance with Executive Board decisions 2008/37 and 2011/23.

8. Six country office internal audit reports and one on the Somalia Common Humanitarian Fund, issued in 2014, reported on the status of operations and activities in 2012 and 2013 and, in selected cases, in 2011 and the first half of 2014. In total, they covered expenses amounting to $67.8 million. Additional assurance came from the joint audit of a joint programme in which UNFPA is a participating organization, with related expenses attributable to UNFPA amounting to $3 million in the period under review, and the audit of the user provisioning and authentication processes concluded in 2014. Further, the control instituted by management over funds transferred to implementing partners through national execution audits provided additional assurance on $165 million in expenses that were incurred in 2013.

III. Resources

A. Human resources

9. As of 31 December 2014, OAIS had 21 approved posts: 17 at the professional level (see table 1) and 4 at the general-service level.

10. At the end of 2014, 14 of the 17 approved professional posts were encumbered and the remaining three (two in internal audit and one in the Directorate) were under recruitment. Past difficulties in identifying suitably qualified candidates, compounded by delays in the entry-on-duty process, remained valid in 2014. The overall vacancy rate in OAIS was 16 per cent in 2014, compared to 10 per cent in 2013 (see table 1).

Table 1
Human resources in the Office of Audit and Investigation Services in 2013 and 2014

	Number of approved professional posts		Percentage vacant		Vacancy adjusted professional posts	
	2013	2014	2013	2014	2013	2014
Internal Audit Branch	8	10	17%	21%	6.7	7.9
Investigation Branch	5	5	3%	0%	4.8	5.0
Directorate	2	2	0%	33%	2.0	1.3
Total	**15**	**17**	**10%**	**16%**	**13.5**	**14.2**

B. Financial resources

11. In 2014, OAIS became solely funded from the UNFPA institutional budget, unlike previous years where funding also came from UNFPA global and regional programmes and other resources. The total 2014 budget for internal audit and investigation services, adjusted for the 2014 actual vacancy rate, amounted to approximately $5.2 million. Overall, there was an increase in adjusted budget funding by roughly 18 per cent, compared with 2013 ($4.4 million), which corresponds mainly to the different vacancy rate mentioned above (see details in table 2).

[4] Available at: http://www.unfpa.org/public/home/about/oversight/auditreports.

Table 2
Overview of financial resources, 2013-2014*

Function	2013			2014		
	Authorized posts	**Vacancy adjusted posts**	**Vacancy adjusted budget** *(in $ million)*	**Authorized posts**	**Vacancy adjusted posts**	**Vacancy adjusted budget** *(in $ million)*
Internal Audit	9 (8+1)	7.7 (6.7+1)	*2.3*	11 (10+1)	8.9 (7.9+1)	*3.0*
Investigation	6 (5+1)	5.8 (4.8+1)	*1.3*	6 (5+1)	6 (5+1)	*1.3*
Directorate excluding AAC **	4 (2+2)	4 (2+2)	*0.6*	4 (2+2)	3.3 (1.3+2)	*0.7*
AAC	-	-	*0.2*	-	-	*0.2*
OAIS	**19 (15 + 4)**	**17.5 (13.5 + 4)**	***4.4***	**21 (17 + 4)**	**18.2 (14.2 + 4)**	***5.2***

* In parentheses and italics, the number of professional and general services staff.

** In 2013, the OAIS Director is reflected as 100 per cent in the OAIS figures; no costs were charged to the evaluation function.

IV. Internal audit

A. Risk-based audit planning

12. OAIS executes its assurance activities based on a risk-based audit plan, approved by the Executive Director after review by the Audit Advisory Committee. The plan is based on a documented risk assessment of the audit universe, which is composed of 139 business units[5] and 41 corporate processes. Risk is measured through a set of factors, representing the potential impact and likelihood of events that might adversely affect the achievement of objectives of the business units and processes assessed.

13. The business unit audit risk assessment is based on financial and programmatic information indicative of (a) materiality of programme expenses; (b) programme complexity; (c) programme changes; (d) operational complexity; (e) programme performance; (f) quality of governance and control of fraud and corruption[6] in the country where the unit is located; (g) business unit capacity to manage the programme, and (h) results of consultations with management at headquarters and regional offices. The assessment further incorporates the results and dates of internal or external audits undertaken thus far.

14. A separate risk model is used for the audit risk assessment of corporate processes, reflecting factors relative to (a) financial materiality; (b) process impact and complexity; (c) level of change affecting these processes; (d) effectiveness of the controls and systems in place; and (e) capacity of the business units responsible for managing the process controls and systems. The model also reflects consultations with relevant headquarters management.

[5] Country offices, regional and subregional offices, liaison offices and headquarters units involved in programme delivery activities.
[6] Based on indicators published by the World Bank.

B. Results of the 2014 audit risk assessment to support the 2015 internal audit workplan

15. The risks to which UNFPA is exposed have not fundamentally changed, compared to 2013. These arise primarily from highly decentralized operations conducted in 139 business units worldwide (see Table 3), several of which operate in fragile settings, and from complex programmes implemented at global, regional and country levels, covering different thematic areas. The programmes are delivered by numerous implementing partners, with varying degrees of capacity, supported by multiple workplans developed and managed with limited integrated systems and tools. The risk derived from programme complexity has been partially mitigated by the focus on fewer outcomes and outputs, more closely aligned to core mandate areas. The global programming system introduced at the end of 2014, which automates and integrates the preparation, approval, maintenance and system set-up of workplans, is expected to further mitigate programmatic risk.

16. Additional complexity, and hence risk, stems from (a) the need to rapidly and concurrently scale up humanitarian response activities in several programme countries; (b) the large and dispersed workforce, including an extensive use of individual consultants; (c) the large commodity security programme, which implements the procurement and distribution of a significant volume of contraceptives to national partners, with multiple supply-chain management challenges; (d) the significant level of local procurement of goods and services, with limited monitoring; (e) the increasing proportion of non-core funding, with specific compliance and reporting requirements, increasing the workload for business units; (f) the large volume of financial transactions required to execute programme activities; and (g) the robustness of the information and communication technology (ICT) platform.

17. Table 3 below summarizes the audit assessment results for business units and corporate processes, by audit risk-level.

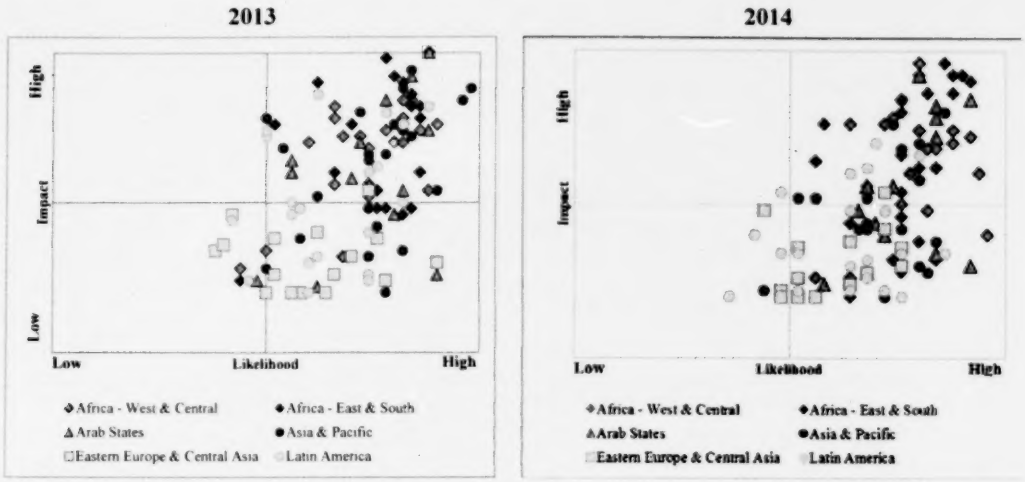
Table 3
Overview of audit risk assessment results for 2014

Entity assessed	High risk	Medium risk	Low risk	Total
Country and subregional offices	25	49	47	121
Regional offices	1	5		6
Liaison offices	-	-	6	6
Headquarters units involved in programme delivery (global interventions)	1	4	1	6
Total business units	**27**	**58**	**54**	**139**
Corporate processes	**21**	**18**	**2**	**41**

Business unit audit risk assessment

18. Figure 1 below summarizes the results of the 2013 and 2014 audit risk assessment for field offices, which managed expenses amounting to $701 million in 2013 (74 per cent of total annual expenses) and $762 million in 2014 (76 per cent of total annual expenses).

Figure 1
Field offices audit risk assessment



19. Overall, there was limited change in the risk profile. The concentration of points in the upper right quadrant continues to reflect the increased focus on several programme countries through corporate priorities, such as the family planning strategy, particularly in the East and Southern Africa, West and Central Africa, and Asia and the Pacific regions. Figure 1 also reflects the higher risk resulting from the increased number and size of humanitarian activities in the Arab States region.

20. The concentration of points in the upper and lower right quadrants further reflects the persistent risks affecting field office operations. These include (a) high vacancy levels in key managerial and operational positions; and (b) recurring control weaknesses in the following areas: (i) programme planning and implementation; (ii) programme and financial monitoring; (iii) national execution; (iv) inventory management; and (v) compliance with policies and procedures in certain operational areas. They will be elaborated in section C infra.

Corporate audit risk assessment

21. The corporate audit risk assessment identified, in both 2013 and 2014, the following five key audit risk areas:

(a) The implementation of the new business model, resource allocation system and integrated results framework of the strategic plan 2014-2017;

(b) The implementation of the new global and regional interventions and other key corporate initiatives;

(c) The adequacy of governance arrangements, including the role and responsibilities of regional offices, country offices and headquarters, to support an effective implementation of the new strategic plan and to address the issues raised, in particular, in the audits of governance arrangements in support of country office programme delivery (2011), and of the global and regional programme (2013);

(d) Delays in the finalization of the internal control framework and in the implementation of a comprehensive enterprise risk management (ERM) process; and

(e) The operationalization of the new human resources strategy, including the effectiveness of the leadership pool process, aimed at improving vacancies in key positions, the transfer of some human resources management functions to regional offices and the partial decentralization of recruitment activities.

22. Corporate processes assessed as high risk include:

(a) Programme management, in view of (i) recurring audit issues therein; (ii) the ability of field offices to implement the revised policies issued since 2012; and (iii) the changes resulting from the new global programming system implemented at the end of 2014;

(b) Procurement, with the large volume of headquarters-managed contraceptive procurement, including third-party procurement, and the continued significance of procurement of other goods and services in field offices;

(c) Supply-chain and inventory management, with the logistical challenges of distributing a larger volume of contraceptives, and control effectiveness issues affecting this process;

(d) Implementing partner management, given the large number of partners and their varying capacity levels, the issues affecting the implementing partner capacity assessment process identified by both OAIS and the United Nations Board of Auditors, as well as the new national execution assurance arrangements, arising from the implementation of the revised harmonized approach for cash transfers (HACT) to implementing partners, which UNFPA is piloting in the period 2014/2015;

(e) Financial monitoring of implementing partners, a process not operating effectively as country office audits illustrated;

(f) Resource mobilization and management of non-core resources, due to the growing relevance of co-financing and the new resource mobilization strategy aimed at expanding the UNFPA donor base;

(g) Humanitarian response, given the increased frequency and complexity of such interventions;

(h) Provision of quality-assured technical assistance to field units;

(i) Budget management, with the implementation of the integrated budget, resource distribution system and cost-recovery policy; and

(j) ICT, particularly the ability to timely and successfully implement critical systems and services, like the strategic information system, the second phase of the global programming system and the Atlas[7] contract management and e-tendering modules.

C. Internal audit activities in 2014

23. The 2014 internal audit workplan was based on the 2013 audit risk assessment presented in document DP/FPA/2014/6 (pages 8-10) and on assumptions regarding available resources (internal audit staff, augmented by staff from audit services firms and individual consultants), duration of audit phases (planning; field work; drafting; finalization, with management answers), no swap of engagements and limited advisory activities.

24. The plan therefore included 26 engagements, covering a mix of 7 high-risk and 6 medium-risk business units, 8 high-risk corporate processes, 4 joint audits with other United Nations internal audit services (decided at inter-agency level) and one engagement in advisory capacity. In order to maximize resources, engagements were planned to reach varying degrees of completion by year-end, with 23 final reports planned to be issued.

25. Table 4 presents a comparison of 2014 planned versus achieved audit engagements. Of the 26 engagements planned, 1 was aborted because of the Ebola outbreak (after completion of planning, just before the field mission); 3 were postponed (due to security situations, impeding organizational changes and the OAIS staffing situation). Despite the extensive use

[7] Atlas is the (PeopleSoft-based) enterprise resource management system of UNFPA.

of audit services firms and individual consultants, the remaining 22 experienced delays due to various reasons: (a) lengthy negotiations of contractual agreements with contracted firms; (b) swapping three audits in consultation after discussions with management; (c) challenging OAIS staffing capacity (absence of planned P3 staff under recruitment; departure of a P4 auditor, although the impact was minimized by using the roster; integration of two new P4 auditors); (d) longer and more intense interactions with management on draft reports; (e) unpredictable and increased advisory demands (see section F); as well as (f) the challenges of writing reports for the public. This contributed to issuance of 10 final reports; management answers to 5 draft reports were awaited; 6 reports were in drafting; and one audit was in field work.

Table 4
Overview of engagements in 2014

Status	Business units (a)	Corporate processes	Advisory (b)	Total
Summary of 2014 planned engagements				
Draft reports issued by year-end 2013 to finalized in 2014	2		-	2
Audits started in 2013 to be completed in 2014	5	3		8
Audits started and to be completed in 2014 (c)	10	2	1	13
Total reports to be issued in 2014	**17**	**5**	**1**	**23**
Audits started in 2013 to be completed in 2015 (c)	3			3
Total engagements	**20**	**5**	**1**	**26**
Summary of engagements undertaken				
Audits started prior to and completed in 2014 (d)	4	1		5
Audits started and completed in 2014	4		1	5
Total reports issued in 2014	**8**	**1**	**1**	**10**
Draft reports issued by year-end 2014 (e)	5			5
Audits to be completed in 2015 (f)	4	3		7
Total engagements	**17**	**4**	**1**	**22**
Ebola: audit aborted after planning completion	**1**			1
Postponed	**1** (g)	**2** (h)		3
Engagements cancelled/postponed	**2**	**2**	**0**	**4**

Notes:
(a) Includes country offices, headquarter units and joint audits
(b) Limited scope review of the UNFPA 2014 financial statements
(c) Included two joint audits
(d) Includes one joint audit
(e) Include one joint audit; Three reports issued until end February 2015
(f) Includes three audits swapped ; Six were at draft reporting stage at year-end
(g) Security situation
(h) UNFPA organizational changes (one) / OAIS workload (one)

Resulting audit coverage

26. The resulting average audit cycle for 2010-2014 was 10 years for high-risk business units, 18 years for medium-risk ones and 19 years for corporate processes. Based on the resources approved for internal audit in the institutional budget 2014-2017, and without changing assumptions except a full staff complement,[8] it is expected that for 2015-2019, high-risk business unit coverage would increase to an average 6-year cycle, medium-risk ones to 13 years and corporate processes remain constant.

27. To reach a cycle of 5 years (high-risk), 10 years (medium-risk) and 15 years for corporate processes will require additional resources. Assurance for low-risk business units is planned through a continuous auditing process,[9] which will be implemented starting in 2015 (it was planned for 2014 but deferred due to delays in recruiting the human resources required to implement and operate the process).

D. Key findings of internal audit activities

Country office audits

28. In 2014, OAIS issued six country office audit reports and one on the UNFPA activities funded by the Somalia Common Humanitarian Fund. The audits covered three standard areas and the processes therein as detailed below, the scope and depth of review depending on the results of the engagement's audit risk assessment conducted at the planning phase:

(a) *Office governance*: (i) office management, (ii) organizational structure and staffing, and (iii) risk management;

(b) *Programme management*: (i) programme planning and implementation; (ii) national execution, (iii) inventory management (iv) management of non-course resources; and

(c) *Operations management*: (i) human resources, (ii) procurement, (iii) travel, (iv) asset management, (v) financial management, (vi) information and communications technology; and (vii) safety and security.

29. The audit rating is based on the assessment of the governance, risk management and internal control processes in place. Of the seven reports, four (57 per cent) were rated as 'partially satisfactory'[10] and three (43 per cent) as 'unsatisfactory',[11] as set out in annex 1. Ratings were also provided by area, as defined in paragraph 28 above, and summarized in Table **5**.

Table 5
Audit ratings by area for 2014

Area	Satisfactory		Partially satisfactory		Unsatisfactory	
	Number of offices	Per cent	Number of offices	Per cent	Number of offices	Per cent
Office governance	1	14%	5	71%	1	14%
Programme management	0	0%	3	43%	4	57%
Operations management	3	43%	4	57%	-	0%

[8] As mentioned in paragraph 23.
[9] Review, from headquarters, of documentation and information on selected key controls and significant financial transactions of low-risk units.
[10] One or more issues were identified that could negatively affect the achievement of the objectives of the audited entity.
[11] One or more issues were identified that could seriously compromise the achievement of the objectives of the audited entity.

Main findings

30. The main areas for improvement revealed in 2014 are consistent with those identified and reported in previous years, as well as with the annual audit risk assessment results. Key findings (good practices and improvement opportunities) are presented below by area and sub-area, mirroring the structure of country office audit reports. A tabular overview is included in annex 2.

(i) Office governance

31. Several good practices noted could be expanded to other UNFPA offices. Regular staff meetings to exchange information, monitor programme implementation and improve coordination of programmatic and operational activities were commonly observed. Some offices also prepared clear and relevant office management plans, and their staff demonstrated a clear understanding of their roles and responsibilities, as well as of policies and procedures. Another office effectively leveraged its decentralized structure to enhance support to, and monitoring of, implementing partners at the locations where programme activities were implemented.

32. The audits continued to identify the need to (a) address extended vacancies in key positions and reduce their duration; and (b) enhance the support from, and oversight by, regional offices and headquarters for those offices experiencing such situations. Improvements in this area are expected with the ongoing implementation of the leadership pool process. Another improvement needed is the regular review of the organizational structure and personnel of country offices to align capabilities and contract modalities to programme delivery needs, particularly when preparing new country programmes. The operationalization of the human resources strategic partner network, based in regional offices, is expected to contribute to that improvement.

33. The audits continued to stress the need for improving risk management, in particular the regular updating of the fraud and operational risk assessments, ensuring that well-defined processes exist to identify, assess and log risks, as well as to define and implement risk mitigation actions. The integration into a comprehensive ERM process, with corporate guidelines and training, is paramount to improve efficiency and effectiveness in this area.

(ii) Programme management

a. Programme planning, implementation and monitoring

34. The audits revealed several effective workplan management and budgeting practices that could be considered for replication throughout UNFPA; for instance, the implementation of the 'di-Monitoring' tool to track and report on programme targets and milestones as well as to maintain all monitoring reports and data in a single repository. Another example is a highly effective system for filing and retrieving project-related documentation.

35. Notwithstanding enhancements to corporate guidelines since 2012, the audits continued to reveal areas for improvement in programme management, including (i) a more timely finalization of key programme documents and workplans; (ii) improved programme financial management and budgetary controls; (iii) a better workplan system set-up in Atlas. Improvements are expected with the implementation of the global programming system in December 2014.

36. The audits stressed the continued need to monitor more consistently and rigorously the implementation of programme activities and results achieved, as well as to enhance controls, ensuring that only allowable expenses (i.e., programme expenses that cannot be allocated to specific programme outputs) are charged as programme coordination and assistance costs.

b. National execution

37. There is potential for replication of customized templates or applications facilitating the submission, review and approval of cash advance requests and expenditure reports by implementing partners.

38. Management attention is necessary to ensure that implementing partners are engaged after their capacity has been thoroughly and comprehensively assessed. Such assessment should cover both programmatic capacity, using the UNFPA implementing partner capacity assessment tool (IPCAT), and financial management capacity, using the HACT micro-assessment checklist, promptly combining both tools into one. Management should also enhance training and develop guidelines on conducting more effective assessments that provide a holistic view of implementing partner capacity and development needs, and better support the selection of appropriate cash transfer modalities as well as the nature and frequency of programmatic and financial monitoring activities. Further, it was stressed repeatedly during the audits that significant management attention needed to be paid to financial monitoring to ensure that funds were used for their intended purposes.

39. Controls over the operating fund account management process have consistently improved over the past years, with more robust monitoring thereof performed by headquarters staff and an effective national execution audit process. However, recurring occurrences of funds transferred to implementing partners outside the operating fund account process continued to be noticed. Similarly, recurring instances of activities carried out by implementing partners that were recorded as direct execution by UNFPA, instead of national execution, were identified. These recurring situations reduce management assurance on the appropriate utilization of funds provided to implementing partners as the related expenses are not subjected to national execution audits. More details on operating fund account and national execution status are presented in annexes 2 and 5.

c. Inventory management

40. The initiation of sexual and reproductive health commodities custom clearance, two months prior to their expected arrival, should be considered for replication in other countries.

41. Additional management attention is required to improve the operating effectiveness of inventory management controls and to reinforce compliance with the inventory management policy issued in December 2012.

42. In particular, there is a need to (a) consistently perform and document receiving and inspection controls; (b) improve warehouse management and inventory tracking and accounting controls; (c) better document the handover of inventory to implementing partners; and (d) monitor reproductive health commodities inventory held by implementing partners, as well as its timely distribution and availability at service delivery points. Of particular relevance were instances of extended delays in custom clearance of shipments, which may have adversely affected the availability of commodities and contributed to increased stock-out levels.

d. Management of non-core resources

43. The audits did not identify pervasive issues in this area. An instance was noted where a co-financing agreement which deviated from the approved template was signed without undergoing legal review.

(iii) Operations management

a. Procurement

44. Long-term agreements were effectively used to expedite the procurement and distribution of dignity kits, as part of emergency preparedness planning. While, overall, the effectiveness of procurement controls further showed improvement throughout 2014, primarily as a result of capacity building efforts and additional guidelines and tools, the audits continued to reveal instances of lack of compliance with procurement procedures in the areas of bidding, contract award and submission, which were not identified and addressed in a timely manner due to the lack of managerial oversight controls. Recurring opportunities to expand the use of long-term agreements to increase procurement efficiency and value-for-money were noticed.

b. Human resources

45. The audits continued to identify the need for improved compliance with the policies and procedures applicable to awarding and managing service contracts and special service agreements. Compliance with mandatory training requirements should also be reinforced.

c. Financial management

46. To enhance the overall reliability of information for financial reporting and monitoring purposes, management attention continued to be called on recording expenses to the correct project, activity, fund and general ledger account codes. In addition, improved handling of value-added tax is called for, which would include more effective controls over reimbursable value-added tax accounting; the timely submission, follow-up and reconciliation of tax reimbursement claims; and approaches to minimize the financial impact on non-tax-exempted project activities executed through implementing partners.

Recommendations made

47. Overall, 90 recommendations were issued in relation to country office audits (as detailed in figures 2, 3 and 4); 39 recommendations (43 per cent) were rated as high priority, while the remaining 61 (57 per cent) were rated as medium priority. Almost two thirds of the recommendations concerned programme management matters. The analysis continues to stress 'guidance' over 'guidelines', that is, strengthening supervisory controls ('guidance': 72 recommendations – 62 per cent), as opposed to issuing more policies ('guidelines': 10 recommendations) or providing more resources (6 recommendations). This should be contrasted with the higher proportion of 'operational' recommendations (54 per cent) and the lower one for 'compliance' matters (26 per cent), except in the area of 'office governance', which is primarily of strategic nature.

Figure 2
Country office audit recommendations – by priority level

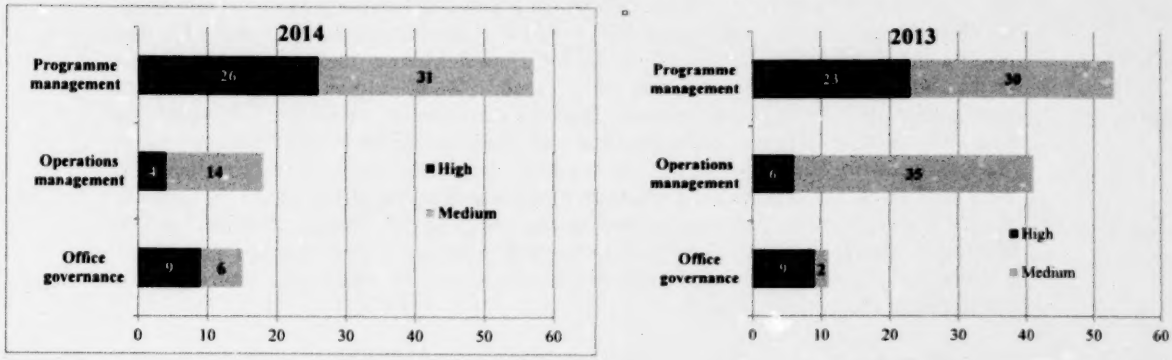


Figure 3
2014 Country office recommendations - by type

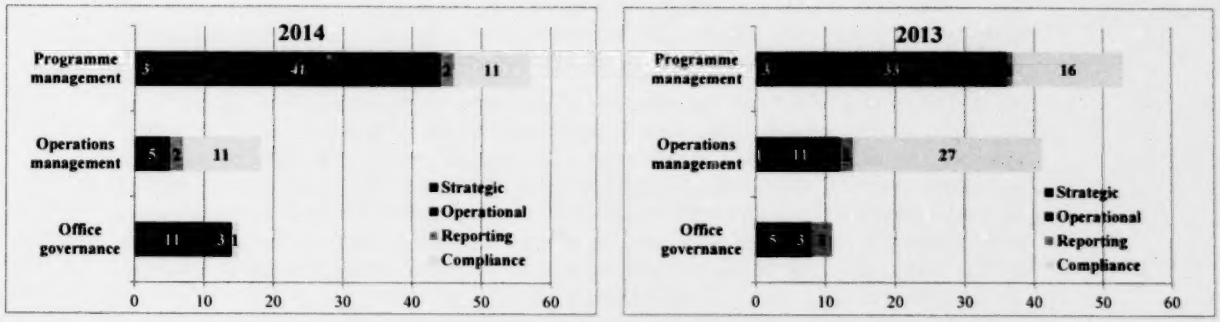
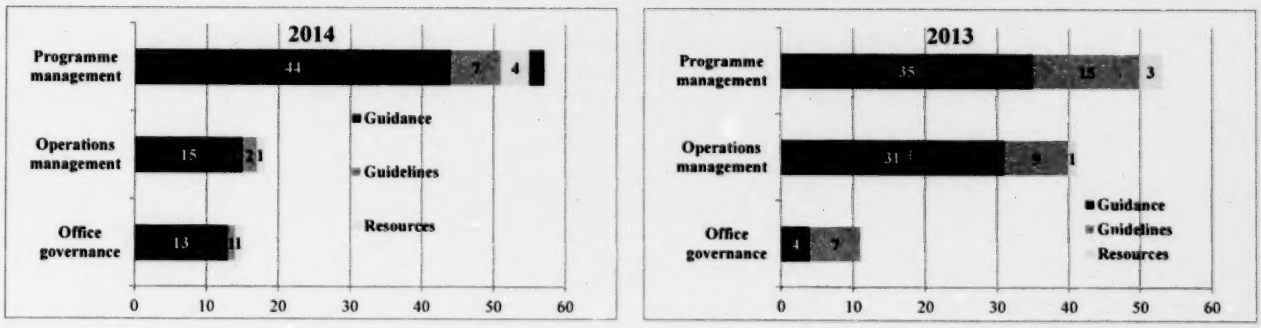


Figure 4
2014 Country office audit recommendations - by cause



Joint audit

48. OAIS participated in the joint audit of the Pakistan "Delivering as one" programme, which was rated 'partially satisfactory'. Seven of the recommendations[12] were ranked as high priority and addressed to the United Nations Development Group, the Resident Coordinator or the country team. Recommendations were related to the need to harmonize and integrate humanitarian and development processes, and the development of guidance and tools for better coordination thereof in transition countries; to ensure full local implementation of the "Delivering as one" management and accountability framework for the monitoring thereof at the global level. Further, the need to (a) strengthen the monitoring framework for strategic priority areas; (b) ensure that monitoring structures and processes operate effectively; and (c) develop a strategy and an action plan to harmonize business processes and procedures. Progress on recommendation implementation is tracked and reported by the United Nations Development Programme (UNDP).

Corporate processes and headquarters units

Audit of the user provisioning and authentication system

49. This audit aimed at assessing the reliability of controls related to the process and systems used to authorize and provide user access to the corporate network and to Atlas, as well as to authenticate user access. The rating was 'partially satisfactory'.

50. The audit revealed that the user provisioning process was supported by an internally developed system providing functionality comparable to that offered by leading third-party systems. The audit highlighted several issues requiring management attention, including the underlying internal control framework limitations, the unlimited Atlas approval rights granted to senior managers, the lack of effectiveness of the annual Atlas access rights certification and office information verification processes, and the use of some software no longer supported by the vendor. The audit further revealed weaknesses in password management, a deficiency addressed immediately after audit completion.

E. Follow-up of internal audit recommendations

Outstanding recommendations

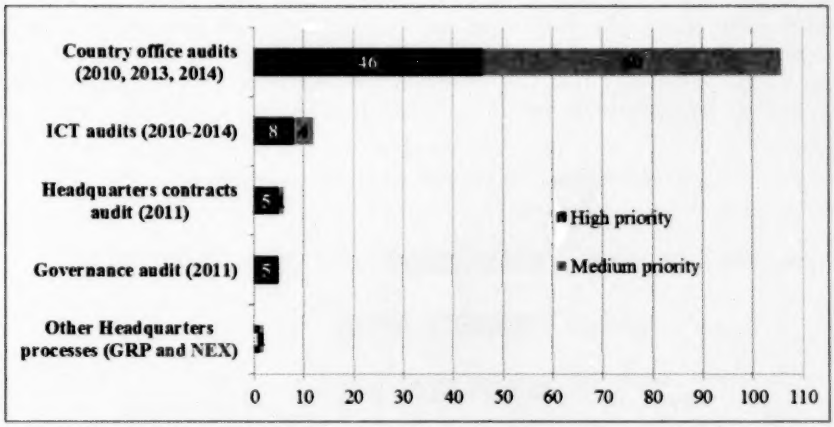
51. OAIS assessed 93 recommendations, as implemented in 2014. As shown in table 6 and figure 5, some 131 recommendations[13] were outstanding as at 31 December 2014.

[12] Excluded from the UNFPA number of recommendations.
[13] The status of joint audits is excluded from this figure, and is reported by UNDP.

Table 6
2014 Status of implementation of audit recommendations by year

Year	Number of reports	Recommendations issued	Outstanding recommendations	
			2013	2014
2010	57	1 976	6 (~0%)	2 (~0%)
2011	11	248	27 (11%)	13 (~5%)
2012	3	37	8 (22%)	0 %
2013	12	112	82 (73%)	21 (19%)
Subtotal	**71**	**2 373**	**123 (2%)**	**36 (~2%)**
2014	9	101	N/A	95 (94%)
Total	**80**	**2 474**	N/A	**131 (5%)**

Figure 5
Recommendations outstanding as at 31 December 2014*



(*) NEX – National execution modality
OFA – Operating fund account
GRP – Global and Regional Programme

52. As shown in figure 5, 106 (82 per cent) of the outstanding recommendations pertain to country offices audited in 2013 and 2014, and only one remains from previous years; 46 recommendations were rated as high priority; 60 recommendations correspond to programme management issues, primarily related to national execution (31 recommendations), programme planning and implementation (17), and inventory management (12); 28 recommendations correspond to operations matters (12 of which pertain to financial management); and 16 to office governance. Opportunities for improvement were elaborated previously in paragraphs 30 to 46.

53. Of the 12 outstanding recommendations related to information and communications technology controls (8 of which are of high priority), 10 correspond to the audit of the user provisioning and authentication process completed in 2014; the remaining two stem from previous years' audits, resulting from management's efforts to develop new policies and enhance core processes in this area.

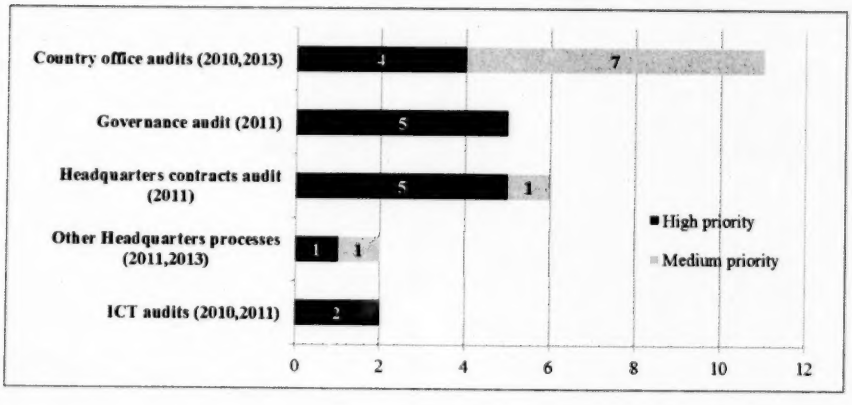
54. Management actions to address the six outstanding recommendations from the 2011 headquarters contracts audit, mostly of high priority, have been ongoing since 2012, albeit with limited progress during 2014, with one recommendation closed. The remaining relate to (a) more clearly defining the ownership of the contract management process, and enhancing the policies and procedures manual and the internal control framework thereon; (b) introducing an integrated contract management system; (c) designing and implementing preventive controls to enforce contract award approval requirements; (d) implementing stronger accounts payable controls; and (e) enhancing the vendor performance assessment process.

55. The five outstanding recommendations from the 2011 governance audit relate to (a) better defining regional office roles and activities, including those related to country office oversight; (b) monitoring the regionalization efforts; (c) improving programme financial-management mechanisms; and (d) enhancing tools and training to build the country offices' monitoring capacity. Management actions to implement these improvement opportunities have been ongoing since 2012, with five recommendations closed in 2014.

Recommendations unresolved for 18 months or more

56. Of the 131 open recommendations, 26 remained unresolved for 18 months or more as at 31 December 2014, compared to 41 recommendations in 2013 (see figure 6; a detailed list of recommendations is provided in annex 3). Of the 26 recommendations, 10 related to country office recommendations from audits completed in the first half of 2013 and one to a 2010 audit. Information regarding those from the governance, headquarters contracts and ICT audits was elaborated previously in paragraphs 30 to 46.

Figure 6
Recommendations unresolved for 18 months or more



F. Compliance with the oversight policy – disclosure of internal audit reports

57. The procedures for disclosure, as stipulated in DP/FPA/2008/14 and amended by subsequent Executive Board decisions in 2011, were in force throughout 2014. No request for disclosure following those procedures was received in 2014.

58. All internal audit reports issued after 1 December 2012 have been public, within one month of internal issuance. The reporting period (2014) was the second year of public disclosure. Report clarity and quality remain a matter of continuous attention for OAIS, with time and effort invested in drafting and finalizing them. Management attention was also

heightened, focussing on content and ratings. Overall, public disclosure continues to lead to an active dialogue.

V. Investigation

59. The Investigation Branch of OAIS is responsible for conducting investigations into all types of allegations of wrongdoing:

(a) Misconduct by UNFPA staff, ranging from fraud and corruption to workplace harassment, abuse of authority, retaliation against whistle-blowers, sexual exploitation and abuse, and other violations of applicable regulations, rules and administrative or policy issuances. These are referred to as 'internal cases' and 'internal investigations'; and

(b) Failure by independent contractors, implementing partners and other third parties to comply with its, his or her obligations, including fraud and other financial irregularities, committed to the detriment of UNFPA. These are referred to as 'external cases' and 'external investigations'.

A. Caseload

60. In 2014, OAIS received 71 complaints, an increase of 233 per cent, compared to 2012; and an increase of 16 per cent, compared to 2013.[14] Together with the 34 cases carried forward from 2013, this resulted in a total caseload of 105 cases in 2014, compared with 42 cases in 2012 and 81 cases in 2013, respectively (see table 7). The increase stems from more allegations of harassment, the expanded OAIS mandate to include external investigations, and more reporting of proscribed practice[15] situations.

Table 7
Overview of cases received and closed in 2014(*)

	2012	%	2013	%	2014	%
Cases carried over						
- from 2012 or earlier	19	*45%*	20	*25%*	2	*2%*
- from 2013				*0%*	32	*30%*
Complaints received	23	*55%*	61	*75%*	71	*68%*
Total caseload	**42**	***100%***	**81**	***100%***	**105**	***100%***
Cases closed						
After preliminary assessment	17	*77%*	40	*85%*	41	*67%*
After full investigation	5	*23%*	7	*15%*	20	*33%*
of which substantiated	4	*18%*	6	*13%*	15	*24%*
unsubstantiated	1	*5%*	1	*2%*	5	*8%*
Total cases closed	**22**	***100%***	**47**	***100%***	**61(**)**	***100%***
Cases carried over to the following year	**20**		**34**		**44**	
of which internal	20	100%	28	82%	27	61%
external	-	-	6	18%	17	39%

(*) A complaint may contain several allegations pertaining to different individuals, and lead to several reports, as appropriate.
(**) Includes two cases for other United Nations agencies.

[14] Excluding information received marked 'for information'.
[15] See definition in the revised oversight policy DP/FPA/2015/1.

61. The figures above exclude the numerous requests for information or advice which OAIS additionally deals with. Ten of them were recorded internally 'for information', as they might develop into complaints.

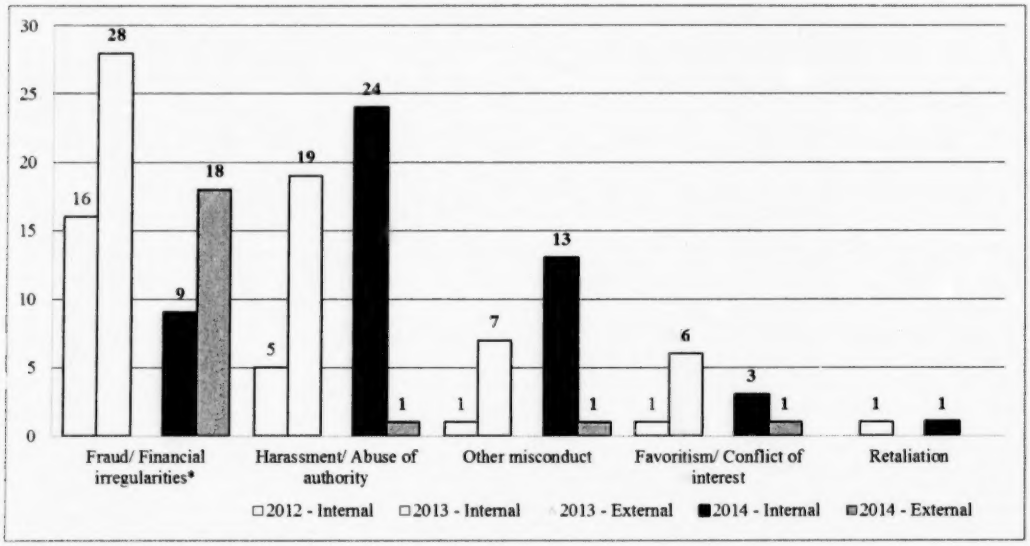
62. Of the 44 open cases carried over to 2015, all but 3 were received in 2014; 27 related to staff members (internal cases); and 17 to external cases.

63. Fraud and financial irregularities represented 50 per cent of all carried-over cases, followed by other misconduct[16] (28 per cent), harassment and abuse of authority (20 per cent), and conflict of interest (2 per cent). Fraud and other financial irregularities represented 88 per cent of external cases.

B. Types of complaints

64. As illustrated in figure 7 below, 27 cases (38 per cent) of fraud and financial irregularities were received in 2014 (9 internal and 18 external). The relative decrease, compared with 2012 (70 per cent - 16 cases) and 2013 (46 per cent - 28 cases), respectively, is due to the expanded OAIS mandate. Workplace harassment and abuse of authority soared, with 25 cases (35 per cent) of complaints received in 2014, all internal, compared to 5 in 2012 and 19 in 2013, respectively. Allegations of other forms of misconduct without financial implications (e.g. death or physical threats, leakage of confidential information, unauthorized outside activity, misuse of assets, racist/inappropriate language) was the third category in 2014 (14 cases - 20 per cent, mainly internal; versus 1 case in 2012 and 7 cases in 2013). Allegations of conflict of interest and favouritism followed (4 cases - 6 per cent, mainly internal). As in 2013, one case (1 per cent) concerned an allegation of retaliation against whistle-blowers (internal case).

Figure 7
Overview of complaints received in 2013 and 2014



* Includes the subcategories of procurement fraud, entitlement fraud, misrepresentation and misuse of UNFPA resources.

[16] Ranging from death or physical threats, leakage of confidential information, unauthorized outside activity, misuse of assets, to racist/inappropriate language.

65. Wrongdoing was reported by email directly to OAIS (68 per cent of complaints received in 2014), through the OAIS confidential investigation hotline (16 per cent), or via other means (17 per cent), including referrals from entities external to OAIS or UNFPA.

C. Disposition of cases

66. After receipt of a complaint, OAIS conducts a preliminary assessment to determine whether there are reasonable indications of wrongdoing. When OAIS determines that there are insufficient grounds to merit a full investigation, the matter will be closed, documented with a closure note and, when appropriate, referred for informal resolution. If the assessment establishes sufficient indications that wrongdoing has occurred, OAIS opens a formal investigation, which may cover a number of allegations. Should the allegation(s) be substantiated, OAIS issues an investigation report by subject (staff, other personnel or entity involved) to the Executive Director, for appropriate administrative or disciplinary action and, when appropriate, for recovery of funds or assets. When an investigation reveals systemic weaknesses in internal controls, OAIS may issue a separate communication to management with certain recommendations to address them.

67. Of the total caseload of 105 cases, 61 were finalized in 2014: 41 after a preliminary assessment and 20 after a full investigation (see table 7). Of the latter, 15 cases were substantiated, several of which were complex in nature, with multiple allegations. Investigation reports were issued for all cases. Table 8 below provides an overview by type of allegation. Further details appear in annex 6.

Table 8
Overview of 2014 substantiated allegations (*)

Type of allegation	External	Internal	Total
Other misconduct	21%	17%	38%
Fraud	17%	17%	33%
Favouritism	0%	13%	13%
Financial irregularities	4%	8%	13%
Harassment and abuse of authority	0%	4%	4%
Total	**42%**	**58%**	**100%**

(*) related to UNFPA

68. The approximate aggregate value of 2014 substantiated cases that involved fraud and financial irregularities amounted to $19,000.

D. Disciplinary measures or sanctions taken

69. Of the cases substantiated in 2013, funds recovered at year-end amounted to $99,007.22 (51 per cent of identified losses); staff were separated in all cases, except where the subjects had resigned in the stages following investigation (see details in annex 7).

70. Of the cases substantiated in 2014, at year-end, management raised charges and was awaiting comments in four cases, separated or reprimanded staff (one case each), and was reviewing the remaining cases, except where the subject had already resigned (see details in annex 6).

E. Strengthening practices

71. In 2014, OAIS further strengthened its investigative procedures and practices. It revisited its investigation manual to ensure compliance with emerging jurisprudence and recognized best practices. It prepared investigation guidelines for sharing information and educating about the investigative process. Final issuance will depend on available capacity.

F. Investigation capacity challenges

72. Cases, particularly external ones related to fraud and financial irregularities, are often complex and resource-intensive; those of harassment and abuse of authority are particularly time-consuming and resource-intensive, and require a particular skill set.

73. The expected increase in caseload noted in the OAIS report for 2013 did materialize, with a 150 per cent rise between 2012 and 2014, and with new cases alone increasing by 223 per cent. The caseload now exceeds current OAIS capacity, with an average number of cases[17] per investigator increasing from approximately 10 cases per investigator in 2012 to 23 cases in 2014. In an attempt to cope with the caseload, in 2014, OAIS continuously relied on the support of experienced investigation consultants. This situation, however, is not sustainable.

VI. Advisory activities

74. The external and internal environment in which UNFPA operates is changing in view of (a) increased non-core funding, with numerous separate agreements; (b) increased accountability, and numerous assessments, including of the internal audit and investigation functions; (c) the move to reporting on results, and questions around reporting systems and policies; (d) the increasing decentralization of operations and use of implementing partners; (e) new and enhanced ICT systems; and (f) the challenges of implementing a comprehensive enterprise risk management process and internal control framework.

75. This led to increased demands on OAIS' advisory services which covered a wide range of topics:

(a) *Agreements*. OAIS reviewed audit and investigation clauses in multiple versions of the 34 agreements brought to its attention in 2014 (25 in 2013). It also participated in negotiations on the same upon request of donors;

(b) *Audit and investigation assessments*. OAIS was involved in in-depth reviews conducted by several donors, e.g. the European Union, the Multilateral Organisation Performance Assessment Network (MOPAN) and the United Kingdom, or questions raised by other donors;

(c) *Board-level policies*. OAIS led the revision of the oversight policy and was deeply involved in the revision of the Financial Regulations and Rules;

(d) *Internal policies*. OAIS provided inputs regarding to approximately 20 policies and procedures (a dozen in 2013);

(e) *Support to UNFPA senior management*. This includes, but is not limited to, OAIS participation as an observer in various steering or working committees, for instance, on the Audit Monitoring Committee or the interdivisional Resource Mobilization Committee; and

(f) *General support to UNFPA staff*.

[17] Included those for advisory, as they require attention and follow-up.

76. These demands were ad-hoc by nature; many required responses within very short timeframes; several required a significant investment, especially by OAIS management. The consequent disruption to other activities, exacerbated by this 'domino-effect', prompts the need for discussion as to expectations of OAIS.

77. OAIS, however, continues to underscore that it does not assume any management responsibilities, for example, in making decisions or implementing recommendations emanating from OAIS.

VII. Coordination within the United Nations system

A. Internal audit

78. In 2014, OAIS pursued its active involvement in inter-agency activities and meetings on internal audit. OAIS participated in the practices and experience exchange between the internal audit services of the United Nations Organizations, Multilateral Financial Institutions and Other Associated Intergovernmental Organizations (UN-RIAS).

79. In 2014, OAIS became UN-RIAS Vice-Chair for joint audits and focal point for United Nations Development Group (UNDG) interactions. Under the joint leadership of OAIS and the Office of Audit and Investigations of UNDP, UN-RIAS adopted the Framework for Joint Internal Audits of Joint United Nations Activities. OAIS led the UN-RIAS interactions on the legal instruments for joint funding mechanisms. OAIS was also involved in two joint audits in 2014.

B. Investigation

80. In 2014, OAIS continued working in close collaboration with other United Nations investigation services. It was active in inter-agency investigation activities and support, in the meetings of the United Nations investigation offices and at the Conference of International Investigators where, with the adoption of the final document,[18] OAIS completed its participation in the working group on setting up external quality-review mechanisms for investigation services.

C. Joint Inspection Unit

81. Lastly, in 2014, OAIS continued its role as the UNFPA focal point for the Joint Inspection Unit, interacting on about 20 reports at various stages of completion with UNFPA units, the Joint Inspection Unit and the Secretariat of the Chief Executives Board.

VIII. Overall conclusion and next steps

82. The results of the various OAIS activities, as well as the actions taken by management to address the issues raised by OAIS, continue to demonstrate management's commitment to the increasing effectiveness of the governance, risk management and control processes at UNFPA. The continuing support of senior management, the Audit Advisory Committee and the Executive Board has enabled OAIS to carry out its mandate as successfully as possible.

[18] General Principles for Reviews of CII Investigation Offices conducted by external experts.

83. Looking ahead, the main challenge for OAIS is the alignment of expectations to resources. In particular, a dialogue between the Executive Board and management, with the support of OAIS, to agree on the trade-off between (a) risk appetite; (b) assurance level for internal audit (coverage) and investigation (addressing allegations); (c) availability for advisory services; and (d) resources made available – to ensure (i) an acceptable internal audit cycle to cover areas of high risk and medium-risk areas; (ii) appropriate handling of complaints (and investigations thereof as needed); and (iii) support for management.

84. The Office of Audit and Investigation Services will continue to provide its services within the resources at its disposal.

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Annual report of the Audit Advisory Committee

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Audit Advisory Committee

2014 annual report to the Executive Director

I. Purpose

1. This report is addressed to the Executive Director, UNFPA, and provides a summary of the activities and advice of the Audit Advisory Committee (also refers as "the Committee") of UNFPA during 2014. It is written pursuant to item 14 of its terms of reference, and in accordance with paragraph 25 (c) of section IV, subsection I of the UNFPA revised oversight policy.

II. Audit Advisory Committee activities in 2014

2. Members of the Audit Advisory Committee. Committee members are appointed for three years, renewable once. The appointments are staggered to provide continuity of service. Committee members possess expertise in risk management, internal control, oversight, governance, financial management and reporting, and development and programme matters. The members of the Committee in 2014 were Ms. Berlina Mxakwe (South Africa), Ms. Mary Ann Wyrsch (USA), Mr. Verasak Liengsririwat (Thailand), Mr. Peter Maertens (the Netherlands) and Mr. Jose Urriza (Argentina). All Committee members are external to the organization, and are independent of UNFPA and its management.

3. Meetings. The Audit Advisory Committee held five meetings in 2014: three in-person meetings (in January, April and October 2014) and two meetings by teleconference (in early part of April 2014 and in the middle of December 2014). Participants in the in-person meetings included, among others, the Executive Director; the two Deputy Executive Directors; programme and operational senior management; the Director, Office of Audit and Investigation Services (OAIS); the Director, Evaluation Office; the Director, Division Management Services, the Ethics Adviser; and the Board of Auditors. The Committee also had private meetings with the Executive Director; the Director, OAIS; the Director, Evaluation Office; the Ethics Adviser; and the Board of Auditors. Mr. Liengsririwat, as the Chairman of the Committee, participated in the annual session 2014 of the UNDP/UNFPA/UNOPS Executive Board during its consideration of UNFPA audit and investigation activities. In addition to the formal Committee meetings, the members held internal consultations and deliberations, reviewed documents and provided advice to UNFPA management via telephone and e-mail. There was no field visit undertaken during 2014 by the Committee's members.

4. Reporting. The Audit Advisory Committee prepared minutes of each of its meetings and met with the Executive Director after each meeting, either in person or by teleconference to provide him with key areas of strategic advice resulting from their briefings and deliberations.

5. Recommendations. The Audit Advisory Committee made recommendations to UNFPA management during its meetings and followed up on the implementation of those recommendations. The Committee will continue to monitor how its various recommendations are adopted in UNFPA.

6. Annual assessment of the effectiveness of the Audit Advisory Committee. The Committee undertook an annual self-assessment exercise to confirm the appropriateness of its terms of reference and to assess its effectiveness. The Committee completed the 2014 self-assessment exercise and will report the results of the self-assessment to the Executive Director in early 2015.

III. Summary of the advice of the Audit Advisory Committee to UNFPA management in 2014

7. Issues identified by the Audit Advisory Committee, along with the advice provided to the Executive Director and UNFPA senior management in 2014, are summarized below.

8. Financial Regulations and Rules. The Audit Advisory Committee provided its input, comments and recommendations to the proposed revisions to UNFPA Financial Regulations and Rules, which were incorporated into the revisions approved by the Executive Board in June 2014.

9. Financial Statements and Reporting. UNFPA Financial Statements and Reporting for the year ending on 31 December 2013 were prepared in accordance with the International Public Sector Accounting Standards (IPSAS). This is the second year that these standards have been used. The Audit Advisory Committee reviewed and made minor recommendations to enhance the clarity and presentation of the financial statements and the accompanying notes and disclosures. These were accepted and taken into consideration as part of the amendments to the Financial Statements and Reporting and its notes and disclosures. The Committee would like to record its appreciation of the advisory services provided by the Internal Audit Branch of Office of Audit and Investigation Services (OAIS) to the Finance Branch of the Division Management Services and to the Audit Advisory Committee in reviewing the financial reporting. The Committee also acknowledged the improvements made by the Finance Branch of the Division Management Services in the preparation of the 2013 Financial Statements compared to previous year's statements.

10. Policy review. In accordance with its terms of reference, the Audit Advisory Committee reviews policies that significantly impact: (a) financial management and reporting; (b) the internal audit, investigation and evaluation functions; and (c) the effectiveness of the UNFPA system of internal controls and accountability. In 2014, the Committee reviewed the revised oversight policy and made recommendations to enhance it in line with the governance structure of UNFPA. The Committee also provided advice on the roll-out of the revised framework for the harmonized approach to cash transfers on a pilot basis in nine selected countries. In this respect, the Committee will continue to review the progress made and the experience gained from this roll-out. Other policies were reviewed and are elaborated hereafter.

11. Internal control framework. UNFPA is revising its internal control framework, using the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) model. The COSO model addresses risk controls in all aspects of an organization. The draft framework for which the Committee provided recommendations had a narrower focus, in that it covered controls for key administrative processes, but needed further work on programmatic controls. UNFPA management agreed to take the comments into account in the next version that management intends to submit to the UNFPA Executive Committee in 2015.

12. The Audit Advisory Committee considers that:

(a) The internal control framework in UNFPA will evolve as the identification of other controls and the understanding of the framework matures. This includes an expansion into the programmatic area;

(b) The framework should also be used as identification and planning tool to enhance the robustness of internal controls in areas where management believes this is needed;

(c) The evolution of the framework should occur concurrently and in coordination with the enterprise risk management project; and

(d) Specific timeframes for reaching a more comprehensive internal control framework should be adopted by management.

13. Enterprise risk management. As reported in previous years, UNFPA has been working since 2008 to implement the recommendation of the Audit Advisory Committee in developing and implementing a formal integrated enterprise risk management strategy for the Organization. The Committee continued to provide its advice to UNFPA on this subject in 2014.

14. In 2014, a consultant firm was engaged to assist UNFPA in developing a risk identification methodology and identifying the top corporate risks facing the Organization. The exercise with the consultant firm helped the UNFPA Executive Committee members to initiate focused discussions about risks and impact assessment. UNFPA informed the Committee that it plans to embark on an exercise to simplify, restructure and codify the corporate risks and to keep the Committee informed. As noted above, this effort needs to be coordinated with the further developments on the internal control framework, which will be outlining controls for identified risks.

15. Audit Monitoring Committee. The Audit Monitoring Committee has been established in 2011 and is chaired by the Executive Director to strengthen accountability and ensure the implementation of the recommendations put forward by both the Board of Auditors and OAIS. It holds individuals in the divisions and branches directly accountable for the implementation of recommendations. This proactive approach has reduced the number of outstanding recommendations in 2014 and this positive impact is likely to continue.

16. Information and Communication Technology. The Audit Advisory Committee was updated on the Information and Communication Technology (ICT) Strategy for 2014-2017, the ICT Operating Plan for the same period, and the ICT governance structure within UNFPA, including how decisions on ICT projects are made. The Committee was further informed on the use of 'Information Technology Infrastructure Library' as the framework that the Management Information Services branch has been applying in providing its services and on the use of the PRINCE2 project management methodology for ICT project management.

17. In the past few years, OAIS carried out a number of audits on ICT, including the thrust area of governance and security. The depth of these audits, including their findings and recommendations, enhance the security of UNFPA ICT infrastructure, ICT applications and strengthen the ICT operations. The Committee noted that the Management Information System branch had implemented the critical and high-risk recommendations made as a result of these audits.

IV. Summary of Audit Advisory Committee advice related to the Evaluation Office and the Office of Audit and Investigation Services

18. In accordance with item 16 of its terms of reference, the Audit Advisory Committee regularly reviews the functions of evaluation, audit and investigation, as well as OAIS, including its charter, scope, plans, activities, resources, staffing and organizational structure. In 2014, the Chairman of the Committee provided input on the performance of the Director, OAIS, for 2013.

A. Evaluation Office

19. The Evaluation Office was split off as a separate entity from formerly the Division for Oversight Services (DOS) in July 2013 and was managed on an interim basis by the Director of formerly DOS. In January 2014, a new Director for the Evaluation Office, who was hired externally, assumed her duties.

20. In each of its meetings, the Committee was briefed on the progress of the Director to restructure the work of the Evaluation Office to achieve the 2014-2015 work plan which was approved at the first session of the Executive Board in January 2014. The 2014 annual evaluation report indicated two particular challenges for the evaluation function: the continuing need to improve the quality of country programme evaluations; and to strengthen evaluation follow-up. Both are important in the longer term to improve UNFPA programme planning and design, as well as the achievement of results. The Evaluation Office has introduced a number of measures to enhance the quality of country programme evaluations, which should lead to improved credibility and utilization. UNFPA should clarify arrangements and reporting on the follow-up of evaluation results and lessons learned.

21. The Audit Advisory Committee noted that there is an increasing demand for evaluation of donor programmes, such as trust funds, at the global, regional and country levels. Clear guidelines should be established regarding funding and management of such evaluation, including the degree of risk that would justify an evaluation decision. This would ensure that proper evaluations are carried out with adequate funding and capacity to ensure that accountability and learning needs are met.

B. Office of Audit and Investigation Services

22. A draft revised OAIS Charter was presented to the Audit Advisory Committee for review. It reflects the move of the evaluation function to the Evaluation Office and other mandates that were added to the investigation function. The Committee agreed with the revisions, which are in line with best practices in internal audit and investigation offices. Following its presentation at the Executive Board in June 2014 and the approval of the revised Financial Regulations and Rules, the Executive Director approved the revised OAIS Charter on 17 July 2014.

Internal audit

23. The Audit Advisory Committee recommended to the Executive Director the approval of the 2014 internal audit plan that was consistent with the rolling audit strategy, 2014-2017, that is aligned with the business needs of UNFPA. The internal audit plans are based on an updated audit risk assessment undertaken during the last quarter of each year.

24. The Committee continued to observe improvement in the quality of output of internal audits, with positive feedback from auditees and their appreciation for the value and professionalism of the OAIS senior management and auditors The Committee noted that the Internal Audit branch devoted significant time and efforts to support management through ad-hoc advisory services, which is part of the OAIS mandate. In particular, the Branch reviewed and provided input to a number of new and revised policies and procedures. Further, the Committee noted that OAIS was adversely impacted by events, like the length of concluding contractual arrangements for procuring external audit services, recruiting new staff, and the security and the Ebola-related situation. As a result, a higher than planned number of audits were carried over to 2015.

25. The Committee is mindful of the trade-offs between (a) risk appetite – and the level of audit assurance which can be reached given a level of resources – and (b) fulfilling management advisory ad-hoc demands which are unplanned in nature. In order to have a more realistic chance of achieving the internal audit workplan given the level of resources in 2015, the Audit Advisory Committee advised to focus on completing the engagements carried over from 2014 and to set aside more resources to address contingencies and meet unplanned demands like advisory services. This would result in a reduced number of assurance engagements and in a longer period to cover the country offices, regional offices and the various corporate processes. The Committee noted that the latter issue has already been raised by several stakeholders, including the Board of Auditors.

26. The Board of Auditors' long-form report raised an issue of risk assessment by OAIS[1] and its audit coverage periods for high-risk business units (over a 9-year cycle) and medium- and low-risk business units (over a 17-year cycle) and had recommended that UNFPA determine the levels of assurance appropriate for business units assessed as being high- and medium-risk and empower its internal audit with resources, as appropriate, to adapt its audit cycles to the chosen assurance level. UNFPA management informed the Committee that a review will be carried out in 2015 to study the assurance structures and audit cycles of other sister agencies and by taking into account the collective oversight structures in UNFPA. The Committee will review the result of the study and advise the Executive Director accordingly.

27. The continuous auditing tool is a joint initiative between the Internal Audit and Investigation Branches of OAIS. The result of this initiative would enable the Office to provide better audit coverage of low risk areas while providing the necessary analytical trends and data for proactive investigation. The Audit Advisory Committee encourages the Office to move forward with this initiative.

Investigations

28. The Audit Advisory Committee reviewed the activities and results of the UNFPA investigation function, which forms part of OAIS. The caseload, which is the number of cases worked on during the year, increased from 42 cases in 2012 to 105 cases in 2014. The increase may be attributed to several events for which no additional resources were allocated to the investigation function: (a) the transfer of responsibility for investigating allegations of harassment and abuse of authority from the Division for Human Resources to OAIS; (b) allegations related to vendors and implementing partners; and (c) enhanced tools for reporting misconduct and information to the investigation function on the UNFPA website. The Committee was also informed that the complexity of cases being handled increased, particularly related to investigation of external parties, such as vendors and implementing partners.

[1] Referred to in the report under the name of the "Division for Oversight Services".

29. With the increase in workload and complexity of cases, the OAIS Investigations branch relied on external investigator consultants to assist in managing its caseload. Nevertheless, the caseload is such that the open cases are increasing to non-acceptable levels resulting in a substantial reputational risk that can have many consequences, including the willingness of donors to provide extra budgetary funding for projects in the field. The Committee is of the view that resources are insufficient to address the caseload, and to provide advisory services like training or policy revision, thus recommended the Organization to address this deficiency.

Advisory services

30. The Audit Advisory Committee supports the representation of OAIS, in an advisory capacity, at management meetings and the provision of advice by the Office relating to key UNFPA business initiatives, for instance in reviewing draft policies as well as audit and investigation related clauses in agreements to ensure their compliance with existing regulations and rules, and in providing general support to decision-making.

31. The Committee recognizes the continued efforts of OAIS to provide assurance and advisory services to UNFPA to support the achievement of UNFPA strategic objectives within the constraints of available resources. The Committee noted that during 2014, the number of these advisory services had increased manifold, and most were requested and provided as urgent matters. These unplanned activities have started to affect the delivery of planned outputs of the Office, like the delayed completion of audits as previously mentioned. This is an activity that places significant requirements on senior OAIS staff and much of it is reactive in nature and thus difficult to plan. Nevertheless, the annual planning documents of OAIS should continue explaining the nature and added value of these services so that their scope and the impact on the internal audit and investigations functions are clearly understood. The Audit Advisory Committee encourages extending the discussion on the trade-off between risk appetite, audit coverage and investigation caseload, to the demand for advisory services, and resources made available for all of these functions.

Reporting

32. Report of the Director, OAIS, to the Executive Board on internal audit and investigation activities. The Audit Advisory Committee reviewed and noted the content of the Report of the Director, OAIS, on UNFPA internal audit and investigation activities in 2014 (DP/FPA/2015/7), which will be submitted to the Executive Board at its annual session 2015.

33. Public disclosure of internal audit reports. In accordance with Executive Board decision 2012/18, all internal audit reports issued by OAIS since 1 December 2012 are publicly disclosed on the UNFPA website. This usually occurs one month after the reports have been issued internally or after a reasonable time, to allow for consultations with the government of the Member State concerned, where applicable. The Committee notes that all reports were publicly disclosed, with the exception of one report where the ICT security of the Organization could be compromised.

V. United Nations Board of Auditors

34. The Audit Advisory Committee meets regularly with the Board of Auditors, to:

(a) Discuss the Board of Auditors' workplans;

(b) Review relevant reports and management letters issued by the Board of Auditors, including reports on UNFPA financial statements and related internal controls;

(c) Discuss internal controls and matters raised by the Board of Auditors; and

(d) Review the adequacy of management response to the observations and recommendations of the Board of Auditors and assess the status of implementation.

35. The Audit Advisory Committee noted and concurred with issues raised in the Board of Auditors' long-form report on the UNFPA Financial Report and audited financial statements for the year ended 31 December 2013. These issues included long outstanding recommendations (2 and 5 out of 11 recommendations dating back to the period 2008-2009 and 2010-2011 respectively); governance; accountability and business transformation process, in particular the decentralization to the field offices; selecting, monitoring and auditing implementing partners; management of consultants, experts and temporary assistance; procurement and contract management; inventory management; funding of employment benefits liabilities; and the level of audit assurance provided by OAIS (formerly the Division for Oversight Services).

VI. UNFPA Ethics Office

36. In its October 2014 meeting, the Audit Advisory Committee had a private meeting with the new UNFPA Ethics Adviser. The Committee supports the ethics function in UNFPA, which fosters a culture of ethics, integrity and accountability. The Committee notes the continuous support and importance placed on the ethics function by the Executive Director and the senior management of UNFPA.

VII. Conclusion

37. From the UNFPA internal governance prospective, 2014 has been a year in which a number of new or revised policies and procedures are set in place, many of which would result in promoting greater accountability and transparency with proper checks and balances. The adoption of the revised Financial Regulations and Rules by the Executive Board in June 2014; the development of the revised oversight policy; the further alignment of financial reporting systems in accordance with international accepted accounting standards; making financial information readily and timely available to managers; and continuous improvement and update of the internal control framework in line with international standards, are some of the examples of initiatives and achievements that UNFPA has undertaken and accomplished during 2014.

38. Areas that require further development and attention include:

(a) Further developing of the enterprise risk management;

(b) Addressing risks related to information and communication technology, including ICT governance and cyber security;

(c) Reviewing and agreeing on an acceptable level (in terms of years) of internal audit coverage to cover areas of high and medium risk areas;

(d) Allocating sufficient resources to handle complaints relating to investigations of:

(i) Allegations of harassment and abuse of authority;

(ii) Allegations related to vendors and implementing partners;

(iii) Allegations related to fraud; and

(iv) Allegations related to other misconduct.

39. The Audit Advisory Committee will continue to pursue in 2015 the issues identified in this report as well as other related issues within its mandate.

40. The Committee wishes to thank the Executive Director, the Deputy Executive Directors and senior staff, the staff of OAIS and of the Evaluation Office, the Board of Auditors and other UNFPA management and staff who participated actively in the Committee's activities and cooperated with the Committee in discharging its responsibilities.

United Nations DP/FPA/2015/8

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UNFPA — Reports of UNDP, UNFPA and UNOPS Ethics Offices

United Nations Population Fund

Report of the Ethics Office 2014

Summary

This report is submitted to the Executive Board pursuant to paragraph 9 of Executive Board decision 2010/17: Reports of the Ethics Offices of UNDP, UNFPA and UNOPS. In accordance with the Secretary-General's bulletin entitled United Nations system-wide application of ethics: separately administered organs and programmes (ST/SGB/2007/11), the report was reviewed by the Ethics Panel of the United Nations at its 66th session on 11 February 2015 and subsequently presented to the UNFPA Executive Director.

The report provides a summary of the activities of the UNFPA Ethics Office during 2014, and describes trends in the mandated areas of its work. It also provides recommendations to management to further strengthen the organizational culture of integrity and compliance.

Elements of a decision

The Executive Board may wish to take note of the present report and comment on the progress of the work of the UNFPA Ethics Office.

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I. Introduction

1. The present report, the seventh since the establishment of the Ethics Office in January 2008, covers the period 1 January to 31 December 2014. The report, which was prepared in accordance with section 5.4 of the Secretary-General's bulletin ST/SGB/2007/11, entitled "United Nations system-wide application of ethics: separately administered organs and programmes", is submitted to the Executive Board at its annual session in 2015, pursuant to paragraph 9 of Executive Board decision 2010/17: Reports of the Ethics Offices of UNDP, UNFPA and UNOPS.

2. The UNFPA Ethics Office supports the Executive Director in ensuring that all UNFPA personnel observe and perform their functions consistent with the highest ethical standards required by the Charter of the United Nations and the Standards of Conduct of the International Civil Service. The activities of the Ethics Office are aimed at promoting an organizational culture based on shared values of integrity, accountability, transparency, professionalism and mutual respect. The Office operates on principles of independence, impartiality and confidentiality.

3. This report describes the key activities undertaken by the Ethics Office in 2014. It also comments on the actions taken and progress made in addressing certain recommendations that were made to management in the 2013 annual report of the Ethics Office (DP/FPA/2014/4).

4. In reviewing the administration of the ethics function in the organization, the report provides further recommendations on ways to strengthen the ability of UNFPA to maintain the highest ethical standards.

5. The Ethics Office experienced a recent transition in leadership. The previous Ethics Adviser retired in April 2014. On 27 May, the Executive Director appointed the organization's Chief, Legal Unit, as officer-in-charge of the Ethics Office; he served until 31 August. The new Ethics Adviser began her tenure on 1 September 2014.

II. Activities of the UNFPA Ethics Office

6. As in previous years, the activities of the Ethics Office were undertaken in the following mandated areas of work:

(a) Providing confidential advice and guidance to staff at their request on ethics-related issues;

(b) Administering the financial disclosure programme;

(c) Undertaking assigned responsibilities under the policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations;

(d) Developing standards, training and education on ethics issues, in coordination with the Ethics Panel of the United Nations (EPUN) and other offices in UNFPA as appropriate, and conducting ethics outreach;

(e) Providing guidance and policy support to management on ethics standard-setting to ensure that the rules, policies, procedures and practices of the organization reinforce and promote the highest standards of ethics and integrity required by the Charter of the United Nations, other applicable staff rules and regulations, and the standards of conduct for the international civil service.

7. The Ethics Office provided services on 218 occasions in 2014. As compared to 2013, this represents a nearly 24 per cent decrease in requests for services. The decrease is attributable to the transition of ethics advisers, as UNFPA did not have a full-time ethics adviser for four months, from May through August 2014.

8. In 2014, nearly half of the 218 services provided (104) were related to advisory matters; 57 involved assisting staff with their financial disclosures; and 5 were related to complaints and inquiries about retaliation. Services were also provided in support of United Nations system-wide coherence and harmonization of ethics-related policies (26 matters) and with respect to ethics standard-setting within UNFPA (9 matters). A percentage breakdown of service requests by category is provided in figure 1. Figure 2 summarizes the services provided by the Ethics Office over the most recent three-year period, 2012-2014.

Figure 1
Requests for services, by category, in 2014

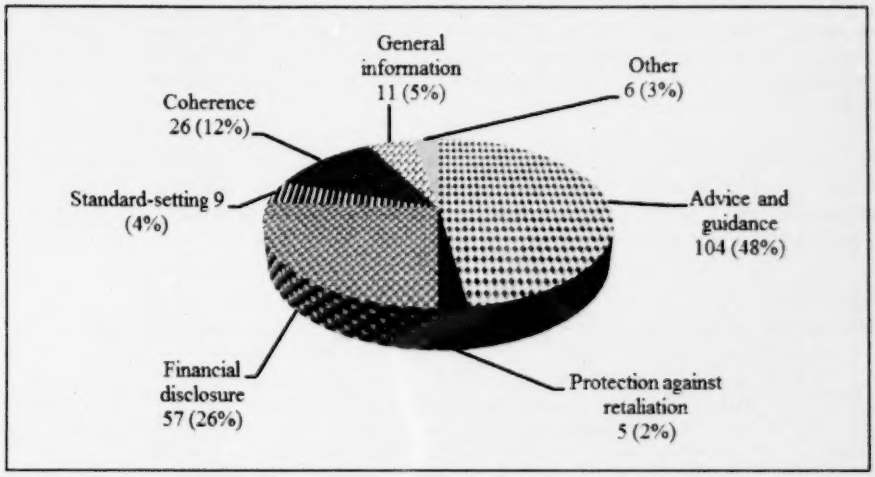

Figure 2
Overview of requests for services, by category, 2012-2014

Year	Advice and guidance	Protection against retaliation	Financial disclosure	Standard-setting	Coherence	General information	Other	Total
2012	167	3	38	23	26	19	9	**285**
2013	161	5	54	19	28	6	12	**285**
2014	104	5	57	9	26	11	6	**218**

A. Advice and guidance

9. The provision of advice and guidance is the foundation of the Ethics Office's programme of work. As can be seen in figure 3, the number of requests for advisory services has increased since the establishment of the Ethics Office in 2008; but in 2014, the requests decreased for the first time since reporting began.

Figure 3
Requests for ethics advice and guidance, by issue, 2012-2014

Year	Conflicts of interest – outside activities	Conflicts of interest – gifts, awards and hospitality	Conflicts of interest – post-employment	Conflicts of interest – other	Employment-related concerns (*)	Total
2012	56	9	1	24	77	**167**
2013	52	20	1	13	75	**161**
2014	45	19	1	8	31	**104**

(*) Prior to 2014, retaliation inquiries and complaints were included as "employment-related concerns". For 2014 and in the future, they are not included as a type of advice, but rather as retaliation-related matters (which are discussed in Section II.C. of this Report). The text of this section, including statistics, compares advisory matters only, and does not include retaliation-related complaints and inquiries.

10. Requests for advisory services decreased 33 percent over 2013 (when adjusted to exclude retaliation-related matters in 2013). It is notable that the most significant decrease in advisory services occurred in field offices, where there was a 46 percent decrease in requests (91 in 2013 versus 49 in 2014). See Figure 4.

Figure 4
Requests for ethics advice and guidance, by geographic location, 2012-2014

Year	Headquarters	Eastern Africa	Western and Central Africa	Latin America	Asia and the Pacific	Eastern Europe and Central Asia	Arab States	Total
2012	81	14	10	24	20	10	8	**167**
2013	66	8	5	17	34	8	23	**161**
2014	55	2	8	15	15	7	2	**104**

11. Of the 104 inquiries that were received in 2014, 73 concerned conflicts of interest (see figure 5). Of these, the majority (45 inquiries) related to participation in outside activities, such as undertaking teaching assignments, serving on boards of non-governmental organizations or publishing articles or books. For many of these, the staff member formally requested permission from the Division of Human Resources (DHR) to engage in the activity, and the Ethics Office reviewed the request in order to advise the staff member and DHR in determining whether the activity presented a conflict of interest. In other situations, the staff member (or in some cases, his or her supervisor) asked the Ethics Office whether an activity was appropriate.

12. There were 19 inquiries related to the processes to be followed in relation to giving gifts to or receiving gifts from various entities, including governments and vendors. The Ethics Office notes that despite the prohibition on gifts from governments to staff members, such practices continue and, indeed, tend to place the staff member in a potentially uncomfortable position. Finally, the Ethics Office received one inquiry on post-employment activities and eight inquires related to other types of conflicts of interest.

Figure 5
Requests for ethics advice and guidance – breakdown of 2014 data

Category	Headquarters	Field	Total cases
Conflicts of interest			
– Outside activities	23	22	**45**
– Gifts, awards and hospitality	8	11	**19**
– Post-employment	-	1	**1**
– Other	5	3	**8**
Subtotal	***36***	***37***	***73***
Employment-related concerns			
– Workplace conduct issues	10	7	**17**
– Clarification of personnel-related policies	9	4	**13**
– Allegation of fraud	-	1	**1**
Subtotal	***19***	***12***	***31***
Grand Total	**55**	**49**	**104**

13. Employment-related inquiries decreased by 55 percent (down from 75 inquiries in 2013 to 31 inquiries in 2014). As in the past, the majority of these (17 inquiries) related to concerns or allegations of workplace and other misconduct. There were also 13 inquiries in which personnel questioned the application of policies and processes, including those associated with performance management, contractual status or recruitment. One request involved an allegation of fraud by a staff member.

14. Other than via its protection against retaliation mandate, the Ethics Office does not have a responsibility to directly engage in the resolution of grievances of a staff member or other personnel. Yet, individuals continue to consult the Ethics Office on such matters, despite the Office's attempts, through training and education, to direct them to the proper offices. As in the past, most personnel were aware of existing mechanisms to report misconduct but believed that those mechanisms would be ineffective in resolving their particular concern or, worse, would lead to reprisals.

15. The Ethics Office considers it part of its confidential advice mandate to help those who consult the Office with employment-related concerns to analyse the situation to better gauge whether the matter warrants a report of misconduct or whether, instead, it could be best resolved through a consultation with a senior manager, DHR or the Ombudsman. In this vein, the Ethics Office continues to encourage UNFPA personnel to fulfil their obligation to report any misconduct they have observed or experienced.

16. However, the Office also reminded staff on appropriate occasions of their responsibility as international civil servants to understand that in an environment in which people with different languages, cultures, customs and traditions must work together to achieve our mandate, there will be disagreements and differences in managing and working styles; and that while these can create tension, they do not necessarily constitute misconduct or retaliation. Still, there are times when disagreements and tensions are handled in such a manner as to constitute misconduct; these should be addressed via the appropriate formal mechanisms. In 2014, the Ethics Office worked to ensure its advice on employment-related matters reflects this balance.

B. Financial disclosure programme

17. The purpose of the financial disclosure programme is to preserve and protect the integrity of UNFPA, thus building public confidence in the organization and its staff. The programme is a primary tool for identifying and assessing organizational risk in relation to conflict of interest situations arising from the financial investments and outside activities of staff members and their immediate family members. Staff members required to disclose include (a) those at the D1 level and above; (b) all other staff who had finance and procurement functions or direct access to procurement-related information, or who were engaged in the investment of the assets of UNFPA or of any accounts for which UNFPA had fiduciary or custodial responsibility; and (c) other staff members as designated by the financial disclosure policy or relevant head of department.

18. A total of 674 staff members submitted financial disclosure statements in the 2014 annual filing cycle, which covered the 2013 calendar year (see figure 6). These categories of staff are listed according to their functional titles in the UNFPA financial disclosure policy. The willingness of staff members to comply with the requirements of the programme was the single most important factor in achieving full compliance. In addition, close collaboration between the Ethics Office, DHR, the Management Information Systems Branch, and each head of office resulted in the programme operating efficiently.

Figure 6
Financial disclosure participation, by location and calendar year, 2011-2013

Year	Headquarters	Field	Total by year
2011	89	470	**559**
2012	123	499	**622**
2013	133	541	**674**

19. Of the staff required to file, 133 were staff members at headquarters, including all staff within the UNFPA Procurement Services Branch, irrespective of grade level. There were 541 field-based staff members who were required to disclose their assets and interests. Some 108 staff members were first-time filers; 19 joined or otherwise became eligible to participate during the year, and so did not submit full-year statements. The filing population was closely divided between staff in managerial positions (319) and support staff (355), of whom the majority were finance or administration assistants based in field offices.

20. The total number of staff required to file disclosure statements continues to increase. Since 2006, when the programme began, with 293 participants, the number of participants has increased by 130 per cent, to 674 in 2013.

21. The Ethics Adviser[1] reviews each financial disclosure statement for completion, in accordance with the requirements, and to consider whether any of the staff member's activities, or the activities of his or her immediate family members, could present a conflict of interest. Some 133 filers certified that they had no relevant disclosures. Additional information was requested from 31 staff members. Upon further review, one staff member was found to have had a previously undisclosed outside activity. The staff member submitted a request for approval for the activity, and it was found not to conflict with the staff member's position or the organization's interests.

[1] In 2014, the Ethics Office engaged the former Ethics Adviser as a consultant to conduct this review, in order to meet the required deadlines.

22. The Ethics Office additionally subjected a random sample of 8 per cent (54 statements) of the filing population, diversified by location, grade and functions, to verification of their financial disclosures. This verification process, now in its second year, is an integral part of the programme because it allows the Office to ensure that staff members are undertaking due diligence in the completion of their financial disclosure statements. Two of the staff members selected were due to retire before the exercise was completed, and so were excused from the verification requirements. The remaining 52 disclosures underwent a rigorous review of documentation submitted in support of the staff members' original disclosures.

23. During the verification phase, 25 per cent of staff members whose disclosures were being verified submitted documentation in support of more assets and interests than they had disclosed during the initial disclosure period. This suggests that staff members may not have understood the disclosure requirements in the initial disclosure phase. The Ethics Office will further clarify the financial disclosure programme requirements to relevant staff at the beginning of the cycle in future years.

C. Protection against retaliation for reporting misconduct and for cooperating with duly authorized fact-finding activities

24. UNFPA protects staff members who report misconduct or participate in an authorized fact-finding activity from any actual or threatened detrimental action that they could face as a consequence of that report or participation. The Ethics Office is charged with administering the policy on protection against retaliation, which sets forth the prohibition against retaliation, the procedures for lodging a complaint, and the steps the organization may take to address retaliation.

25. Upon receipt of a formal complaint, the Ethics Office is required to undertake a preliminary assessment to determine whether the complainant engaged in an activity warranting protection from retaliation and, if so, whether this protected activity was a contributing factor to the retaliation. If the Ethics Office determines that a *prima facie* case of retaliation has been established, the matter is referred to the Office of Internal Audit and Investigation Services (OAIS) for investigation. Following completion of the investigation, the Ethics Office reviews the OAIS investigation report, seeks clarification, as needed, and then makes a final determination whether retaliation has occurred.

26. On 27 June 2014, the Executive Board, in decision 2014/22, requested the ethics offices of UNFPA, UNDP, and UNOPS "to improve protections for whistle-blowers by developing and implementing an effective policy on protection against retaliation that specifies a statute of limitations of a minimum of six months for reporting retaliation". Accordingly, the Ethics Office amended the policy to reflect a new six-month statute of limitation (instead of the previous 60-day period) for claims of retaliation. The revised policy was issued on 25 November 2014. The amendment is retroactive to 27 June 2014.

27. In 2014, the Ethics Office received three complaints of retaliation and two inquiries about the application of the policy in certain situations. As to the first complaint, the Ethics Office found that a *prima facie* case of retaliation existed, and referred the complaint to OAIS for investigation. OAIS completed its investigation on time. The Ethics Office ultimately determined that the staff member's allegations were not substantiated because there was no causal connection between the report of misconduct and the allegedly detrimental actions.

28. In the second complaint, the Ethics Office conducted a preliminary assessment and concluded that the staff member could not have been subjected to retaliation because the staff member's complaint of misconduct occurred after the alleged detrimental actions had occurred. The third complaint was in the preliminary assessment phase by the Ethics Office at the time of the writing of the present report. It is notable that the amendment to the policy summarized above had

the effect of permitting the complainant in the third case to file a complaint when it otherwise would have been time-barred. Finally, the Office advised two staff members who were concerned about possible future retaliation because they had informally complained about the behaviour of their supervisor.

D. Training, education and outreach

29. The training, education and outreach programme of the Ethics Office reinforces the core values and principles of the United Nations and the international civil service, increases knowledge of and compliance with UNFPA-specific ethics-related policies and encourages staff and management to adhere to the highest ethical standards.

30. In late 2014, the Ethics Office conducted six custom training and education programmes for a total of 150 UNFPA personnel. The Office conducted an introductory ethics briefing for new and newly-promoted staff attending a staff induction workshop at headquarters. The Ethics Office also conducted a group briefing for the recently established human resources strategic partner team in DHR and began conducting individual briefings for the human resources strategic partners on ethical considerations in their specific regions.

31. At the regional level, the Ethics Office opened the Eastern Europe and Central Asia regional team retreat with a training programme under the heading, "Strengthening our understanding of organizational values". As part of the Procurement Services Branch training for department chiefs and focal points, the Ethics Office conducted separate training programmes for each group. Additionally, training was provided for staff of the Office of Security Coordinator at its annual meeting.

32. The year 2014 was the sixth year that the mandatory online course "Ethics, Integrity and Anti-Fraud: Setting the Standards at UNFPA" was available to staff members. The course continues to be a helpful introductory ethics training programme but is now less utilized due to its advancing age. The Ethics Office intends to retire this course in 2015 and create a new online ethics training programme.

33. The Ethics Office maintained its website, which provides a variety of informational materials and guidance notes on the prevention and mitigation of conflicts of interest, respectful workplace conduct, requirements of the financial disclosure programme, and the nature and scope of whistle-blower protection. It provides access to all ethics-related guidelines, policies and procedures, and to the mandatory online ethics course. The website served as a point of introduction to the services provided by the Office and as a resource for continuous ethics education. In 2015, the Ethics Office will establish a new microsite, in accordance with the organization's internal communications strategy.

34. To raise awareness of ethics principles and inform staff of the services of the Ethics Office, the Office prepared a summary of ethics principles and the Ethics Office's services for the UNFPA 'Welcome Book' for headquarters staff, produced by the Learning and Career Management Branch.

E. Standard-setting and policy support

35. A key function of the Ethics Office is to provide guidance to management on ethics standard-setting so that the policies and practices of the organization reflect and promote the expectations of integrity, impartiality and fairness required of UNFPA and its staff. The guidance envisaged includes the regular review of current organizational policies, rules and practices that relate to ethics and ethical conduct and advice to management on mechanisms to strengthen staff compliance.

36. During the reporting period, the Ethics Office worked closely with OAIS, DHR, the Legal Unit, the Division of Management Services and the Management Information Systems Branch to review and provide input on policies important to the organization's operations. The Ethics Office views this collaboration as critical for ensuring consistency in the advice that it provided to staff in the context of its advisory and guidance function.

37. The Office also collaborated informally with DHR, OAIS and the Office of the Ombudsman for United Nations Funds and Programmes to focus on identifying formal and informal options to address the employment-related concerns that were brought to the attention of the Ethics Office.

38. The Ethics Office attended its annual meeting with the UNFPA Audit Advisory Committee and briefed the Committee on its 2014 work programme and the progression of the ethics function in UNFPA. The Ethics Office also met with the Ombudsman for the United Nations Funds and Programmes.

III. Ethics Panel of the United Nations and the Ethics Network of Multilateral Organizations

39. The UNFPA Ethics Office participated in 7 of the 11 meetings of the Ethics Panel of the United Nations (EPUN) in 2014 but did not participate in the annual meeting of Ethics Network of Multilateral Organizations (ENMO).[2] The Ethics Office contributed to 19 advisory matters within the EPUN/ENMO community in 2014. Given the small size of the UNFPA Ethics Office staff and budget, and the specialized, confidential nature of its operations, these networks were critical resources for ensuring consistency in application of policies and practices, and learning about best practices in international organizations. Further information on the work of EPUN is provided in the Report of the Secretary-General on the activities of the Ethics Office (A/69/332), presented at the 69th session of the General Assembly.

IV. Observations and recommendations to management

40. In 2014, many senior managers served as positive ethical role models in several spheres, including in their full compliance with the financial disclosure programme, engagement on prevention of retaliation matters, promotion of training and education, and informal discussions of ethics. The Executive Director reminded staff attending the September 2014 global staff meeting of the importance of reporting misconduct, and that UNFPA will protect them from retaliation when they do. The Executive Director and most members of the Executive Committee have consulted with the Ethics Office on specific matters or shared helpful information. The Ethics Office also observed many instances in which managers went beyond merely talking to staff about ethics and engaged in hands-on efforts to address ethics-related concerns.

41. The following recommendations, recognizing the progress made in 2014, suggest how to build on this progress to further strengthen the culture of integrity and compliance in UNFPA.

(a) Understanding that progress occurs over time, the Ethics Office reiterates to management its 2013 recommendation that there be efforts toward increased managerial accountability for establishing work environments that foster a culture of speaking up without fear of retaliation.

[2] The Officer-in-Charge, who serves at UNFPA as full-time Chief, Legal Unit, did not participate in the EPUN and ENMO meetings in order to ensure that these meetings could occur in a fully confidential setting.

(b) The Office further recommends that managers be held individually accountable for establishing and maintaining work environments that allow for open, respectful feedback throughout the year.

(c) Managers can mitigate the tension present in some of their interactions with staff who report to them by openly soliciting honest and constructive feedback, and doing the same with them. To this end, the Ethics Office commends the efforts of DHR to provide greater investment in skills training on ethical leadership for managers, and additionally emphasizes that any training, to be effective, must be followed by managers being required to demonstrate their new and refreshed skills in their interactions with staff.

(d) Managers are charged with directing staff in the performance of the work of the organization. When staff members have questions or concerns, they are entitled to raise them in a respectful manner with the supervisor or other proper authorities, and to seek written instructions to clarify. Staff may challenge such instructions through the appropriate official mechanisms, and record their disagreement in official files; they may not delay in carrying them out.

(e) The Ethics Office recommends that all staff, regardless of position, recommit to this standard of conduct as a foundation for ethical behaviour. In this manner, they may be seen to act with the integrity, independence and impartiality expected of international civil servants.

v. Conclusion

42. In 2014, the Ethics Office experienced a transition of ethics advisers. This shift was eased with the support of the Executive Director and his office, and the active engagement by senior management with the new Ethics Adviser. The Ethics Office acknowledges the UNFPA Staff Council for its engagement with the Ethics Office on behalf of UNFPA staff. The Ethics Office also wishes to acknowledge with appreciation the Chief, UNFPA Legal Unit, for his service as officer-in-charge of the Ethics Office during the transition period.

43. Even as it transitioned leadership, the Ethics Office continued its work in helping the Executive Director promote a culture of integrity and encourage ethical behaviour among all staff. The Ethics Office will continue to further improve on its own efforts, and work with staff and management to foster a culture of ethics within the organization and to integrate ethics considerations into UNFPA operations around the world.

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UNITED NATIONS POPULATION FUND

Extensions of country programmes

Summary

The present note contains information on the extensions of the country programmes for Lebanon, Papua New Guinea, Somalia, United Republic of Tanzania and Yemen. First-time extensions of country programmes up to one year are approved by the Executive Director, and presented to the Executive Board for information. All other requests for extensions of country programmes are submitted to the Executive Board for approval.

The Executive Board may wish to take note of the one-year extensions of the country programmes for Somalia, United Republic of Tanzania and Yemen, as presented in table 1.

The Executive Board may wish to approve the second one-year extension of the country programme for Lebanon, the fourth one-year extension of the country programme for the Syrian Arab Republic and the two-year extension of the country programme for Papua New Guinea, as presented in table 2.

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Table 1.

Extensions of country programmes approved by the Executive Director

Country	*Original programme period*	*Period approved for extension*	*Reason for extension*
Somalia	2011-2015	2016	In 2016, development programming will be increasingly prominent in Somalia. The United Nations Integrated Strategic Framework for Somalia (2014-2016) is aligned to the Somali Compact, which is expected to be operational by 2015/2016 and covers five peacebuilding and State building goals. The United Nations country team (UNCT) decided to seek a one-year extension of the current country programmes to fully align them with the national development framework and cycle.
United Republic of Tanzania	2011-2015	July 2015 to June 2016 (one year)	The Government of the United Republic of Tanzania is undertaking a number of processes that will significantly influence its national priorities for the post-2015 development agenda, as the existing poverty reduction strategy and national development plan will end by mid-2016. The Government and the UNCT agreed on a one-year extension of the current United Nations Development Assistance Plan to align it with the national planning and review processes.
Yemen	2012-2015	2016	Over the past year, Yemen has witnessed major political developments, with demonstrations gripping the capital and resulting in violence. In response to the ongoing political and humanitarian crisis, the Government extended the Transitional Plan for Stabilization and Development. The Government and the UNCT agreed to extend its United Nations Development Assistance Framework (UNDAF) for one year in order to align it with the Transitional Plan.

Table 2.

Country programme extensions for which the approval of the Executive Board is sought

Country	*Original programme period*	*Period proposed for extension*	*Reason for extension*		
			In-country development	*United Nations harmonization*	*Implementation or other issues*
Lebanon	2012-2014 2015 (first extension)	2016 (second one-year extension)	The Syrian refugee crisis has exacerbated the vulnerabilities of already fragile Lebanese state institutions, and also affected development programming processes of the United Nations system in Lebanon. The current context requires coordinated efforts to bridge humanitarian assistance with long-term development to mitigate socio-economic impacts of the Syrian crisis. In response to the growing need for stabilization due to the prolonged crisis, the Government of Lebanon and the international community have developed a Lebanon Crisis Response Plan (LCRP) for 2015-2016.	The Government of Lebanon and the UNCT agreed to extend the current UNDAF for one more year. This will allow UNFPA, UNICEF and UNDP to adjust their programmes to better respond to the humanitarian crisis. The LCRP will be adopted as a framework for the humanitarian response; it focuses on the protection and material needs of refugees; basic assistance and community needs in the most affected areas, as well as institutional and economic strengthening.	Major interventions identified under the LCRP include strengthening technical capacities to deliver high-quality reproductive health services; empowering young people to make informed reproductive health choices; supporting national capacities for generating high-quality data to inform policy making and programme development; strengthening technical capacities for advancing gender equality and empowerment of women; and developing capacities of NGOs to better address protection of young girls and respond to gender-based violence.
Papua New Guinea	2012-2015	2016-2017 (two-year extension)	Papua New Guinea is experiencing a volatile political environment, with challenges to the leadership of the incumbent Prime Minister and a weakened presence of the opposition in Parliament.	The Government requested UNFPA, UNDP and UNICEF to extend the current UNDAF until 2017 in order to harmonize it with the two-year extension of the country's Medium-Term Development Plan 2011-2015. In light of the Government's request, the UNCT decided to extend the UNDAF for two years, until 31 December 2017.	The Government extended the Medium-Term Development Plan 2011-2015 in order to incorporate emerging national strategies, in particular the National Strategy for Responsible Sustainable Development. A two-year extension of the current country programme will allow sufficient time to develop the next country programme in consultation with all stakeholders based on the emerging national priorities.

Country	*Original programme period*	*Period proposed for extension*	*Reason for extension*		
			In-country development	*United Nations harmonization*	*Implementation or other issues*
Syrian Arab Republic	2007-2011 2012 (first extension) 2013 (second extension) 2014 (third extension)	2015 (fourth one-year extension)	The Syrian Arab Republic has been experiencing a protracted complex humanitarian emergency for more than four years. The number of violence-affected people has reached 12.2 million, including 7.6 million internally displaced persons. Increased migration into neighbouring countries further undermines regional stability. In response to the growing need for stabilization, the Syrian Government and the United Nations system are drafting in 2015 a medium-term strategic framework for United Nations assistance, to start in 2016.	The United Nations system is focusing on humanitarian appeals and short-term response planning. The United Nations agencies are requesting extensions of their current country programmes until the strategic plan for United Nations assistance takes effect in January 2016. Like the other United Nations agencies, the UNFPA seeks to extend its country programme for a fourth year, to bridge the preparations of the new country programme, which will be submitted to the Executive Board at its first regular session in January 2016.	While focusing assistance and service delivery to populations affected by the violence, the extension of the country programme will enable UNFPA to (a) strengthen and support national capacity to deliver critical reproductive health services; and (b) expand partnerships with women-oriented and community-based organizations, to improve access of affected populations to sexual and reproductive health and gender-based violence services, including psychosocial support to the most vulnerable populations.